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Programme budget for the biennium 2012-2013

Proposed programme budget for the biennium 2014-2015

Administrative expenses of the United Nations Joint Staff Pension Fund and amendments to the regulations of the Fund

Fourth report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2014-2015

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the United Nations Joint Staff Pension Board on the administrative expenses of the United Nations Joint Staff Pension Fund and amendments to the regulations of the Fund (A/68/303). The Committee also had before it a note by the Secretary-General on the membership of the Investments Committee. During its consideration of the report, the Committee met the Chair of the Board, the Chief Executive Officer of the Fund and the Representative of the Secretary-General for the Investments of the Fund, who provided additional clarification, concluding with written responses received on 18 October 2013.

2. The report of the Pension Board contains the estimated expenditure and performance report for the biennium 2012-2013; the proposed budget estimates for the biennium 2014-2015; and a proposal for authorization to supplement contributions to the Emergency Fund for the biennium 2014-2015 by an amount not exceeding $200,000. Annex I to the report summarizes the discussions in the Board on, among other things, the revised appropriations for the biennium 2012-2013 and the estimates for the biennium 2014-2015. Section V of the report contains recommendations for amendments to the regulations of the United Nations Joint Staff Pension Fund. Section VI of the report contains the recommended action to be taken by the General Assembly.

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3. It is indicated in the report that there were 23 member organizations of the Fund as at 31 December 2012, with a combined total of 188,775 active participants and beneficiaries covered by the Fund. The number of active participants has increased from 120,774 as at 31 December 2011 to 121,098 as at 31 December 2012 (see A/68/303, annex IV). The Advisory Committee was informed that the Fund makes payments to 67,600 retirees and beneficiaries in more than 190 countries and in 15 currencies, which amount to in excess of $2 billion annually, and that, by 2020, the Fund is expected to cover more than 85,000 retirees and beneficiaries. According to the Pension Board's report, the Fund balance as at 1 January 2012 stood at $39.7 billion, while the balance as at 31 December 2012 was $44.7 billion (ibid., annex VII, note 6), an increase of $5 billion, or 12.6 per cent, in 2012 (see also para. 5 below).

4. Annex I to the report of the Pension Board reflects the discussions in the Board on the revised budget estimates for 2012-2013 and on the budget estimates for the biennium 2014-2015. The Advisory Committee notes that the Board convoked a budget working group, composed of two members from each of the constituent groups and two representatives of the Federation of Associations of Former International Civil Servants, to review the Fund secretariat's proposals and to make relevant recommendations to the Board (see A/68/303, annex I). Paragraphs 27 to 42 of annex I to the Board's report describe the role of the working group and the relevant recommendations in respect of the revised estimates for the biennium 2012-2013 and the budget estimates for the biennium 2014-2015. The budget working group's recommendations were endorsed by the Board and are reflected in section III of the Board's report (see paras. 8 to 44 below).

5. The Advisory Committee recalls that, in its previous report on the investments of the Fund, while it did not object to the use of two distinct biennium periods for reporting on the operations and on the investments of the Fund, it requested that the Fund present comprehensive financial information in the reports in a format that facilitated comparison with prior financial periods (see A/67/525, para. 16). The Committee notes from the report of the Pension Board that, in accordance with the International Public Sector Accounting Standards (IPSAS), the Fund will report on the fair value of its investments and on its operations as at 31 December of each year going forward (A/68/303, sect. VII.A, para. (d)). The Committee further notes from the Board's report that, with the adoption of IPSAS, the net impact of the adjustment attributable to the application of fair value to the Fund's assets amounted to an increase on 1 January 2012 of $4,615.9 million in the Fund balance of $35,206.9 million carried over from 31 December 2011 (ibid., annex VII, note 3). **The Advisory Committee welcomes the alignment of reporting on the operations and on the investments of the Fund following the implementation of IPSAS.**

II. Revised budget estimates and performance report for the biennium 2012-2013

6. The Advisory Committee recalls that the General Assembly, in its resolution 66/247, approved appropriations for the biennium 2012-2013 totalling $194,100,900, comprising administrative costs ($97,919,600), investment costs ($93,363,100), audit costs ($2,613,800) and Pension Board expenses ($204,400). Of this amount, $173,412,600 is chargeable directly to the Fund and $20,688,300 is the share of

costs to be borne by the United Nations. In addition, extrabudgetary resources amounting to $152,900 were provided by a number of member organizations. It is indicated in paragraph 6 of the Board's report that total expenditure for the biennium 2012-2013 is estimated at $185,730,600, comprising administrative costs ($96,871,800), investment costs ($85,930,900), audit costs ($2,631,000) and Board expenses ($296,900), which will result in an overall underexpenditure of $8,370,300, or 4.3 per cent of the total appropriation. An overexpenditure of $23,800, or 15.5 per cent, is projected under extrabudgetary costs. The reasons for the variances in expenditure are provided in detail in paragraphs 7 to 34 of the Board's report.

7. The projected administrative costs of the Fund in 2012-2013 will amount to $96,871,800, resulting in underexpenditure of $1,047,800, or 1.1 per cent, owing principally to reduced requirements mainly under temporary posts ($1,079,200) and contractual services ($999,300), which is offset, in part, by additional requirements under posts ($817,400), consultants ($65,600) and other staff costs ($191,300). The total expenditure for the biennium 2012-2013 under investment costs is estimated at $85,930,900, resulting in an underexpenditure of $7,432,200, or 8 per cent, which is attributable to a reduction in the requirements for travel ($578,000, or 28.3 per cent), consultants ($141,100, or 11.7 per cent), posts ($1,593,900, or 8.9 per cent), contractual services ($4,981,800, or 7.8 per cent) and other staff costs ($135,400, or 4.6 per cent). The projected underexpenditure under contractual services is mainly due to delays in the procurement of contracts ($2,900,000) with the public real estate manager and the analytical tools provider, in addition to the decision to delay contractual arrangements with a hedge funds adviser until adequate staffing is in place for this asset class (see A/68/303, para. 23).

III. Proposed budget for the biennium 2014-2015

8. The proposed resource requirements for the Fund in 2014-2015 amount to $174,632,700, before recosting, comprising requirements under executive direction and management ($14,052,800); programme of work ($85,644,600); support ($72,043,800); audit costs ($2,491,400); and expenses of the Pension Board ($400,000). Of this amount, $157,527,800 would be apportioned to the Fund and $21,324,700 to the United Nations under the relevant cost-sharing arrangement. The proposed requirements reflect an overall decrease of $19,468,200, or 10 per cent, before recosting, compared with the revised appropriation for 2012-2013. The Advisory Committee notes, however, that, as a result of the change in the methodology for formulating the budget for administrative expenses (see para. 43 below), the Board's proposed requirements for 2014-2015 reflect an increase of $1,795,300, or 0.9 per cent, compared with 2012-2013. In addition, the Board projects extrabudgetary expenditure in the amount of $151,500 for the biennium 2014-2015.

9. The proposed resource requirements for the biennium 2014-2015 reflect the following:

(a) A decrease of $9,552,000, before recosting, in administrative costs, comprising the net effect of the decreased requirements for temporary posts ($2,531,400, or 69 per cent), contractual services ($9,997,600, or 30.7 per cent) and furniture and equipment ($304,300, or 14.8 per cent), and the increased

requirements for established posts ($503,900, or 1.3 per cent), other staff costs ($1,281,800, or 32 per cent), consultants ($518,300, or 169 per cent), travel ($148,500, or 11.9 per cent), general operating expenses ($813,300, or 5.6 per cent) and supplies and materials ($15,500, or 8.2 per cent);

(b) A decrease of $9,989,500, before recosting, in investment costs, comprising the net effect of the decreased requirements for other staff costs ($464,800, or 15.7 per cent) and contractual services ($17,772,300, or 27.8 per cent), and the increased requirements for posts ($4,973,000, or 27.9 per cent), consultants ($257,300, or 21.4 per cent), travel ($280,800, or 13.7 per cent), hospitality ($1,500, or 6.7 per cent), general operating expenses ($2,513,500, or 55.7 per cent), supplies and materials ($10,600, or 6.5 per cent) and furniture and equipment ($210,900, or 29.5 per cent);

(c) A decrease of $122,400, or 4.7 per cent, in the requirement for audit costs;

(d) An increase of $195,600, or 95.7 per cent, in the requirement for the expenses of the Pension Board.

10. The proposed budget for 2014-2015 provides for a total of 234 continuing established posts, 27 new posts and 10 temporary posts. A comparison of the new posts proposed by the Fund secretariat, those proposed by the Pension Board and those supported by the Advisory Committee is contained in the annex to the present report. In addition, a request is made for the continued funding by member organizations of an extrabudgetary post (General Service).

Recruitment and staffing

11. The Board of Auditors, in its report on the financial statements of the Fund, indicated that there were 17 vacant posts in the Professional and higher categories as at 15 April 2013 (17 per cent). Nine posts had been vacant for more than 12 months and three since the biennium 2010-2011 (A/68/303, annex VIII, para. 109). Upon enquiry, the Advisory Committee was informed that, as at 7 October 2013, there were 10 vacant posts in the Professional and higher categories (10 per cent), of which 6 had been vacant for more than 12 months and 3 continued to be vacant from the biennium 2010-2011. **The Advisory Committee recalls its previous observations and recommendations on recruitment in the Fund (see A/66/7/Add.2, para. 26) and requests the Pension Board to ensure that vacancies be filled in a timely manner.**

12. The Advisory Committee recalls that, in the previous report on the administrative expenses of the Fund, the Pension Board indicated that it was undertaking a review of the policies governing the recruitment, mobility, promotion and retention of its staff (see A/66/266, para. 55). The Committee notes that the report of the Board does not contain the information on the results of that review or any measures introduced to ensure continuity in the secretariat of the Fund, which was requested by the Committee in its related report (see A/66/7/Add.2, para. 22). Upon enquiry, the Committee was informed that the review had not been completed and that a task force had been constituted to review existing policies relating to human resources management, in particular with regard to the recruitment, promotion and retention of Fund staff whose functions might require an advanced level of expertise in a technical field.

A. Administrative costs

13. The proposed requirements under administrative costs in 2014-2015 are described in paragraphs 63 to 110 of the report of the Pension Board. The overall level of resources proposed for the administrative costs under executive direction and management, programme of work and support amounts to $88,367,600 before recosting, reflecting a decrease of $9,552,000, or 9.8 per cent, compared with the revised appropriation for 2012-2013. The decrease in administration costs in 2014-2015 is the net result of reduced requirements under programme support ($10,017,500), offset, in part, by increased requirements under executive direction and management ($425,500) and programme of work ($40,200) (see A/68/303, para. 70).

Post resources

14. Under administrative costs, the proposed resources for posts for the period from 1 January 2014 to 31 December 2015 amount to $39,974,600 before recosting, an increase of $503,900, or 1.3 per cent, compared with 2012-2013. The proposed budget provides for 169 existing and 3 new posts; 10 temporary posts, compared with 16 in 2012-2013; and the continuation of an extrabudgetary post.

15. The Pension Board proposes the establishment of a risk management and legal service, reporting to the Chief Executive Officer, which is intended to enhance the Fund's ability to understand and oversee key solvency issues and provide adequate and professional integrated analysis for informed decision-making at the legislative and managerial levels (see A/68/303, para. 46). The staffing requirements of that service would be met through the redeployment of three existing administration posts from executive direction and management to programme of work (1 P-5, 1 P-4 and 1 P-3) and the proposed establishment of two new posts (1 D-1 and 1 General Service (Other level)). The service would develop doctrine, disseminate policy and provide technical expertise on plan design and risk management issues, liaise with oversight mechanisms, as well as improve compliance functions, by facilitating consistent and uniform interpretation and application of the regulations and rules of the Fund and provisions of the pension adjustment system and by ensuring the conformity of internal policies and procedures with legal obligations and best practices (see ibid., para. 93). It would comprise two sections: a risk management and technical analysis section and a legal and compliance section. The former would research, analyse, advise and coordinate relevant plan design issues with the aim of ensuring continuity and cohesiveness among the various constituents of the Fund, minimizing complexity in overall plan design and simplifying and streamlining the regulations (see ibid., para. 94). The latter, constituted from existing resources of the Legal Office, would continue to support the Fund's operations by providing legal services and assistance to all sections and offices in the secretariat of the Fund (see ibid., para. 97).

16. It is proposed that one administrative post (P-3) be redeployed from programme of work to executive direction and management component. The Advisory Committee was informed that the post of Reporting Officer (P-3) had originally been established in the Operations Section to measure performance and that, because each of the areas of the Fund was also providing similar measurements and reporting to the Chief Executive Officer, it was proposed that the post be redeployed to the Office of the Chief Executive Officer in order to measure

performance on a Fund-wide basis in a consistent manner, thus eliminating the fragmented reporting from each area. The Pension Board also proposes the redeployment of a General Service (Other level) post from executive direction and management to the Operations Section under programme of work (see A/68/303, para. 80).

17. The Pension Board proposes the establishment of a new post of Accountant (P-3) for the Financial Services Section. The Advisory Committee was informed that the Accountant would support the Chief of Accounts and the Chief Financial Officer in the preparation of IPSAS-compliant financial report statements and the design and implementation of business specifications in the new financial information technology platform. The Committee was further informed that the Fund had proposed the new post in response to recommendations by the Office of Internal Oversight Services that the Fund should ensure that the duties for the financial statement preparation and reconciliation functions were segregated from the operational responsibilities for generating the accounting records and should develop procedures for performing and documenting the periodic review of the trial balance and general ledger accounts and assign that function to an individual who did not process or approve accounting entries.

18. **The Advisory Committee has no objection to the Pension Board's staffing proposals for the biennium 2014-2015 under administrative costs.**

Non-post resources

19. The proposed non-post requirements under administrative costs for the Fund in 2014-2015 amount to $48,393,000, compared with $58,448,800 in 2012-2013, which reflects a decrease of $10,055,800, or 17.2 per cent. The reduction is attributable mainly to the decrease in resources allocated for contractual services relating to the Integrated Pension Administration System under programme support ($6,055,900) and other reductions stemming from anticipated efficiency gains following the implementation of the System in 2014 ($3.4 million) (see paras. 46-47 below).

20. **Subject to its recommendation on travel resources in paragraph 45 below, the Advisory Committee recommends the acceptance of the Pension Board's proposals for non-post resources under administrative costs.**

Cost per participant

21. The report of the Pension Board provides information on the cost per participant for the administration of beneficiaries, which is calculated by dividing the total administrative costs in the Fund's budget by the number of active participants, retirees and beneficiaries, adjusted for inflation. The administrative cost per participant in the Fund is estimated to be $208 in 2012 and $206 in 2013, and is projected to be $178 by 2015. The Advisory Committee notes that the projected cost per participant in 2015 is above the inflation-adjusted average of $173 per participant for the 10-year period ending 31 December 2013 (see A/68/303, para. 65). The Committee notes that, while the projected reduction in the cost per participant in 2015 is attributed to the decreased non-post requirements under administrative costs, including those relating to the implementation of the Integrated Pension Administration System, and the reduction in the level of contractual services obtained from the International Computing Centre (see ibid.,

para. 69), the reduction attributed to the System is related both to the phasing out of one-time expenditure and to savings under administrative costs in the future (see para. 46 below). **The Advisory Committee considers that the cost per participant is a useful performance measure to assess the management of the Fund over time.**

B. Investment costs

22. The proposed investment costs are discussed in paragraphs 111 to 137 of the report of the Pension Board. The overall level of resources proposed for the Investment Management Division amounts to $83,373,600 before recosting, reflecting a decrease of $9,989,500, or 10.7 per cent, compared with 2012-2013. The decrease requested under investment costs in 2014-2015 is mainly due to reduced requirements under programme of work ($14,083,100), offset, in part, by increased requirements under programme support ($4,111,700) (see A/68/303, para. 112). The Advisory Committee notes, however, that, owing to the removal of external management fees from the investment costs of the budget (see para. 43 below), the proposed requirements for 2014-2015 reflect an increase of $11,274,000, or 12.1 per cent, compared with 2012-2013.

Post resources

23. Under investment costs, the proposed resources for posts for the period from 1 January 2014 to 31 December 2015 amount to $22,803,900 before recosting, an increase of $4,973,000, or 27.9 per cent, compared with 2012-2013, and provide for 65 existing and 24 new established posts.

Staffing changes

24. The 24 new posts proposed under investment costs are as follows:

(a) Under executive direction and management, three new posts are proposed: one full-time Representative of the Secretary-General (Assistant Secretary-General), one Special Assistant to the Representative (P-4) and one Administrative Assistant (General Service (Other level));

(b) Under programme of work, 21 new posts are proposed: 15 new posts for the Investment Section (1 D-1, 4 P-4, 6 P-3 and 2 General Service (Principal level) as from 1 January 2014 and the addition of 1 P-4 and 1 P-3 as from 1 January 2015); 1 post (P-3) as from 1 January 2015 for the Risk and Compliance Section; 4 additional posts (1 D-1, 1 P-4, 1 P-3 and 1 General Service (Principal level)) for the Operations Section; and 1 new post (P-3) as from 1 January 2015 for the Information Systems Section.

25. The Pension Board also proposes the internal redeployment of the post of Director of the Investment Management Division (D-2) to head the Investment Section, whose title would be changed to Chief Investment Officer of the Fund (see para. 36 below).

Full-time post of Representative of the Secretary-General for the Investments of the Fund

26. The Pension Board proposes the establishment, at the Assistant Secretary-General level, of the post of full-time Representative of the

Secretary-General for the Investments of the Fund. Those functions have previously been performed on a part-time basis by a senior United Nations official at either the Under-Secretary-General or Assistant Secretary-General level. The Board also proposes a revision to the Fund regulations relating to the full-time Representative to include a provision for the Secretary-General to consult the Board before appointing his Representative. The Advisory Committee was informed, upon enquiry, that a review of the part-time status of the Representative was initially considered by the Board at its fifty-ninth session, held in 2012, and was subsequently taken up in 2013 by the Board's Working Group on Sustainability, the Audit Committee and the Investment Committee. The Committee was further informed that the Secretary-General had a fiduciary relationship towards the participants and beneficiaries of the Fund with regard to the investment of the assets of the Fund and carried full responsibility for meeting the Fund's required investment return objective, in addition to managerial and operational accountability for the Fund's investments. The Committee was informed that the proposal for a full-time Representative would allow for better coordination within the Fund and a more appropriate level of involvement in and oversight of an increasingly complex operation.

27. According to the supplementary information provided to the Advisory Committee, the recent growth in the assets of the Fund and the complexities of the Fund's investments and of the current financial markets require a full-time commitment. The proposed full-time Representative would lead the operations in terms of strategy and policy analysis, asset liability management, asset allocation, portfolio management and investment decision-making; risk management and compliance and monitoring; back-office accounting and trade settlement and cash management and systems and information technology requirements. The Representative would also ensure that all the operations and functions were properly coordinated and aligned under a consistent and coherent management framework so that the fiduciary role of the Secretary-General on behalf of beneficiaries and participants would be fully met. The Committee was further informed that the proposed full-time Representative presented an opportunity to clearly codify the delegation of the fiduciary duty of the Secretary-General, including the principles of duty of care, duty of prudent investor, duty of loyalty and impartiality and duty to account and render information, as well as to delineate the reporting lines and accountability of the Representative. The Advisory Committee notes that, in accordance with article 3 of the terms of reference of the Investments Committee contained in the Fund regulations, the Representative is delegated responsibility for the investments of the Fund and for making the final decisions on investments, with the assistance of the Investment Management Division, after evaluating advice, observations and suggestions received from the Pension Board and the General Assembly, in addition to the advice of the Investment Committee and the institutional investment firms retained by the Fund on a contractual basis. The Committee was informed that the terms of reference for the Representative would be harmonized with those of the Chief Executive Officer and would take into consideration the Fund's mission, overall structure and operational needs as a whole and would delineate the accountability and responsibilities of the Representative within the Fund. The Committee further notes that the Board has requested that minimum qualifications, competencies and performance standards be established for the Representative in consultation with the Board (see A/68/303, para. 151). The Committee notes that, while the Board proposes that the Representative continue to perform the same functions and fiduciary responsibilities delegated by the

Secretary-General as hitherto performed on a part-time basis, the proposed functions of the full-time Representative would be expanded to comprise the leadership and management of the Investment Management Division.

28. **The Advisory Committee has no objection to the proposed establishment of a full-time position of Representative of the Secretary-General for the Investments of the Fund at the Assistant Secretary-General level, on the basis of the current terms of reference. The Committee notes that it was not provided with updated terms of reference detailing the future role, responsibilities and functions of the Representative and considers that the requirement for the position needs to be fully rejustified in the context of the 2016-2017 budget for the Fund. The Committee recommends that the General Assembly request to be provided with revised terms of reference for the full-time Representative in the context of the Board's report on the proposed administrative expenses of the Fund for 2016-2017, taking into account the results of the review of the governance arrangements and the management structure of the Fund (see para. 34 below).**

29. **The Advisory Committee further recommends that, pending the consideration by the General Assembly of the revised terms of reference for the Representative and the requested review of the Fund's governance arrangements and management structure, the Assembly not approve the proposed revision to the Fund regulations requiring that the Secretary-General consult the Pension Board before appointing the Representative.**

30. In addition, the Pension Board proposes the establishment of a new post of Special Assistant to the Representative of the Secretary-General (P-4) to support and coordinate the programme of work of the Investment Management Division and a new General Service post of Administrative Assistant (Other level) to provide the Representative with administrative and secretarial support. **Pending the submission of the review of the governance arrangements and management structure of the Fund, the Advisory Committee recommends against the approval of the post of Special Assistant to the Representative (P-4). The Committee does not object, however, to the establishment of the General Service post of Administrative Assistant (Other level) for the Office of the Representative.**

Governance arrangements and management structure of the Pension Fund

31. Upon enquiry, the Advisory Committee was informed that while the Fund is one organizational entity, it has a bifurcated management structure, whereby the Chief Executive Officer is responsible for the management and administration of the Fund and the Secretary-General is responsible for the management of the investment of the assets of the Fund. The Committee was further informed that the Chief Executive Officer, as chief administrative officer, leads the Fund and is responsible and accountable to the Pension Board for the management and administration of the Fund as a whole and that the Board in turn reports on all aspects of the Fund to the General Assembly, including on such Fund-wide topics as budget, governance, audit, financial statements and long-term sustainability. The Committee was further informed that the current framework for delineating the respective areas of responsibility, authority and accountability of the Secretary-General, as delegated to his Representative, would not change after the establishment of the full-time position.

32. The Pension Board therefore proposes that the Fund be led in 2014-2015 by two Assistant Secretaries-General, comprising the Chief Executive Officer reporting to the Pension Board and the Representative reporting to the Secretary-General. In this regard, the Advisory Committee was informed, upon enquiry, that the Board could not identify any similar retirement funds in which the investment management responsibility regarding the plan's assets was completely separated from the administration and liability management responsibility, and that a single entity, with the overall responsibility for both investments and administrative and liability management of such retirement funds, was the industry norm. The Committee was also informed that the Pension Board, during its discussions on the proposed budget for the biennium 2014-2015, had not considered alternatives to the current bifurcated management structure. The Committee was further informed, however, that, given the increasing importance of the assets to the operations and stability of the Fund, and the growing complexity and volatility of the markets, it might be opportune to review the governance arrangements and the management structure of the Fund, taking into consideration best practices in similar pension funds.

33. **The Advisory Committee notes that the regulatory framework of the Pension Fund provides for a division of responsibilities between the functions of the Representative of the Secretary-General for the Investments of the Fund and the functions of the Chief Executive Officer. The Committee is of the view that the division of responsibilities between the administration of the Fund and the management of investments does not necessarily entail the bifurcation of its management structure. The Committee is of the opinion that the Pension Board should examine the Fund's governance arrangements and management structure in order to ensure the optimal utilization and orientation of its budgetary resources and the achievement of its long-term objectives. Such a review should take into consideration the possibility of establishing a single position of leadership for the Fund, guiding both its administrative and investment management components. This review should elaborate the roles, responsibilities and reporting lines of the senior management positions of the Fund.**

34. **The Advisory Committee therefore recommends that the General Assembly request the Pension Board to submit the results of the review of its governance arrangements and management structure, and its related conclusions and recommendations, to the Assembly for its consideration in the context of the budget for the administrative expenses of the Fund for the biennium 2016-2017.**

Investment Section

35. The Pension Board proposes 15 new posts for the Investment Section (1 D-1, 5 P-4, 7 P-3 and 2 General Service (Principal level)), in addition to the existing staffing of 32 posts (1 D-2, 1 D-1, 7 P-5, 9 P-4, 5 P-3, 4 General Service (Principal level) and 5 General Service (Other level)). The Investment Section would be divided into two units devoted to managing the public and private portfolios and all related activities and new initiatives. The Advisory Committee was informed that public markets investments include North American equity, European equity, Asia-Pacific equity, global emerging markets, trade execution, fixed income and the management of external specialty funds, and that private markets investments include real assets and alternative investments.

36. The Pension Board proposes the redeployment of the post of Director of the Investment Management Division (D-2) to the Investment Section to serve as the Chief Investment Officer to oversee the private and public markets portfolios (see A/68/303, para. 44). The Advisory Committee was informed that the Chief Investment Officer would lead all investment initiatives and provide overall leadership and management of the Investment Section. **In the light of its recommendation in paragraph 28 above, the Advisory Committee recommends against the redeployment of the D-2 position, which should continue to retain responsibility for the coordination and management of the Investment Management Division under its current structure. The Committee recommends that the General Assembly request that the functions of the post of Chief Investment Officer be rejustified in the context of the review of the governance arrangements and management structure of the Fund, and that any other modifications to the organizational structure also be reflected in the proposed budget for the biennium 2016-2017.**

37. The Pension Board proposes the retention of the current post of head of the Investment Section for the head of public markets investments and the establishment of a new additional post at the D-1 level for private markets investments. The Committee was informed that the head of private markets investments would be responsible for the development and implementation of the policies, procedures and investment programmes relating to the global private market investments portfolio and would oversee all facets of the private markets investments process in order to achieve the overall portfolio policy objective. **The Committee does not object to the establishment of the D-1 post for the head of private markets investments.**

38. The Pension Board proposes that the North American equities area be strengthened with three new Investment Officer posts at the P-3 level. The Advisory Committee was informed that the Investment Officers would monitor the various portfolio holdings, conduct analysis and research in respect of investments and undertake ongoing communication with brokerage houses and other financial institutions with the goal of preparing forecasts of expected performance and recommending specific purchases or sales of securities, as appropriate, in order to achieve superior investment returns. The Committee was informed, upon enquiry, that the North American equity portfolio amounted to $16.6 billion in assets as at 30 September 2013, with investments in some 190 individual companies in 10 sectors (24 industries) across two separate country portfolios (United States of America and Canada). The portfolio includes investments of $1.4 billion in exchange traded funds securities and $1.1 billion in separate external (small capitalization) investments. The Committee notes that the North American equities portfolio currently comprises three professional posts (1 P-5, 1 P-4 and 1 P-3). **The Advisory Committee further recalls that the Office of Internal Oversight Services had recommended that the Fund reassess the requirements for additional investment officers, especially for North American securities, and/or consider outsourcing a portion of the North American equity portfolio to outside discretionary investment (see A/58/81, para. 49). The Committee, while recognizing the need to adequately staff the North American equities portfolio commensurate with its workload, is not convinced of the need for doubling the professional staffing in this area, given that the dollar volume of investments by itself may not be an accurate indicator of the related workload. The Committee therefore recommends that the General Assembly approve only two new**

Investment Officer posts at the P-3 level for the North American equities portfolio for the biennium 2014-2015.

39. The Pension Board also proposes that the real assets area be strengthened with two new Investment Officer posts (1 P-4 and 1 P-3). The Advisory Committee was informed that the additional P-4 post for the infrastructure, timber and agriculture portfolio would also function as portfolio manager for a large group of funds in the real assets portfolio, representing the Investment Management Division in the advisory boards of individual investment funds and in other annual meetings with management and visiting properties and funds in which the Fund is invested or is planning to invest. The P-3 post would provide follow-up analysis and would collect and synthesize research in all real estate investment markets where the Fund has investments. The Committee was further informed that real assets investments amounted to $2.3 billion as at 30 September 2013. The Committee notes that the real assets portfolio currently comprises two professional posts (1 P-5 and 1 P-4). **In view of the volume of real assets investments, the Advisory Committee is not convinced of the need for doubling the professional staffing in this area and recommends that the General Assembly approve only the proposed new Investment Officer post at the P-3 level for the biennium 2014-2015.**

40. The Board proposes two new Investment Officer posts (1 P-4 and 1 P-3) and one General Service (Principal level) post for the alternative assets investments portfolio. The Advisory Committee was informed that the objective of the Fund's alternative assets investment programme is to earn a return premium over what could be earned from investments in publicly listed equities. The proposed P-4 Investment Officer would be responsible for support in the selection and monitoring of hedge fund managers; performing due diligence and conducting background searches of key personnel; industry surveys; cost comparison; third-party fund valuation and related technology; compliance and legal requirements; individual fund analysis through attending investor meetings with investment professionals; and building relationships with the management of companies and funds. The Committee was informed that the P-3 Investment Officer post was required because the underlying assets in a portfolio of alternative investments are harder to analyse and the Division is required to perform more thorough due diligence and market research before selecting new investments and to make continuing decisions regarding which existing investments to retain. The Committee was further informed that alternative investments amounted to $596 million in assets as at 30 September 2013. The Committee notes that the alternative assets portfolio currently comprises two professional posts (1 P-5 and 1 P-4). **While the Advisory Committee recognizes the potential of alternative assets investments to the Fund's long-term growth, it is not convinced of the need for doubling the professional staffing in the light of the current volume under this class of investments in the Fund. The Committee therefore recommends that the General Assembly approve only one new Investment Officer post at the P-4 level, in additional to the proposed General Service (Principal level) post, for the alternative assets area for the biennium 2014-2015.**

41. **While cautioning against a general trend towards upgrading senior-level posts in the investments area of the Pension Fund, and subject to its recommendations in paragraphs 28, 29, 30, 36, 38, 39 and 40 above, the Advisory Committee recommends acceptance of the Pension Board's staffing proposals under investment costs.**

Non-post resources

42. The proposed non-post requirements under investment costs for the Fund for the biennium 2014-2015 amount to $60,569,700, which is a decrease of $14,962,500, or 19.8 per cent, compared with 2012-2013. The decrease is attributable mainly to reductions in the requirement for contractual services of $17,772,300 and for other staff costs of $464,800, offset, in part, by increased requirements for consultants ($257,300, or 21.4 per cent), travel ($280,800, or 13.7 per cent), hospitality ($1,500, or 6.7 per cent), general operating expenses ($2,513,500, or 55.7 per cent), supplies and materials ($10,600, or 6.5 per cent), and furniture and equipment ($210,900, or 29.5 per cent). The Committee was informed that the increase in the requirement for general operating expenses was attributable to the requirement for additional space and major renovations to accommodate the 24 proposed new posts, in addition to increased building operating expenses. **The Advisory Committee trusts that expenditure on general operating expenses will be adjusted in the biennium 2014-2015, commensurate with the actual number of approved new posts.**

External management fees for small capitalization funds and publicly traded real estate

43. The Pension Board proposes a total of $46,146,900 under investment costs for contractual services in 2014-2015, a decrease of $17,772,300 before recosting, or 28.8 per cent, compared with 2012-2013, primarily attributable to the proposal to remove external management fees for small capitalization funds and publicly traded real estate from the Pension Fund's administrative budget, which would be paid from the principal of the Fund and disclosed in the financial statements. The Advisory Committee notes that the 2012-2013 budget provides a combined total of $21,263,500 for external management fees, comprising $18,401,100 for small capitalization funds and $2,862,400 for publicly traded real estate. The Committee was informed that external management fees for small capitalization funds and publicly traded real estate are projected to total $41.7 million in the biennium 2014-2015, according to the assessment by the Investment Management Division of the size of the portfolio to be managed, the estimated return for the portfolio and the anticipated increase in the number of mandates. The Committee was further informed that the proposal to remove external management fees for small capitalization funds and publicly traded real estate would align financial reporting on the financial statements of the Fund with investment performance reporting. The Committee notes that the Board of Auditors, in its report on the financial statements of the Pension Fund for the period ended 31 December 2012, recommended that the Fund review the classification of small capitalization fund management fees and other similar expenses, to ensure that similar transactions are shown consistently in the financial statements (see A/68/303, annex VIII, para. 47). **The Advisory Committee nevertheless recommends that the General Assembly approve the Pension Board's proposal to remove external management fees for small capitalization funds and publicly traded real estate from the Fund's administrative budget to be paid from the principal of the Fund and disclosed in the financial statements. The Committee notes, however, that the reduction in the requirements attributed to the proposed removal of external management fees from the budget is not a savings, but rather is the result of a change in the accounting treatment of such fees.**

44. **Subject to its recommendations in paragraphs 42 above and 45 below, the Advisory Committee recommends acceptance of the proposed non-post resources under investments.**

C. Other comments and recommendations

Travel

45. The total proposed requirement for official travel amounts to $3,724,800 in 2014-2015, including both administrative and investment costs, which reflects an increase of $429,300, before recosting, or 13 per cent, compared with the 2012-2013 appropriation of $3,295,500 (see A/68/303, table 5). The Advisory Committee notes that the Board projects an underexpenditure of $608,200 under travel for the biennium 2012-2013, compared with the appropriation of $3,295,500 under General Assembly resolution 66/247, which, the Committee was informed, is mainly attributable to the replacement of travel by videoconferences, by combining trips and by taking advantage of investment company visits to New York (see A/68/303, para. 20). The Committee therefore notes that the amount proposed for official travel for 2014-2015 reflects an increase of $1,037,500 before recosting, or 27.9 per cent, compared with the projected expenditure of $2,687,300 for the biennium 2012-2013 (see A/68/303, table 1). **The Advisory Committee is of the view that the continued utilization by the Fund of alternatives to the travel of staff should result in reduced requirements for travel in the administrative expenses of the Fund in the biennium 2014-2015. Moreover, the Committee considers that the travel-related measures taken by the General Assembly in its resolution 67/254 A will result in further savings in the budget. In addition, the reduction in the number of new posts recommended by the Committee in paragraphs 30, 38, 39 and 40 above should allow further reductions in the requirement for travel resources in the biennium 2014-2015. The Committee therefore believes that a reduction in the Fund's overall travel budget is merited, and recommends that the Assembly approve a reduction of $186,200, or 5 per cent, in the travel resources proposed for the biennium 2014-2015 under both administrative and investment costs. The Committee trusts that expenditure on travel will be further adjusted in the biennium 2014-2015, commensurate with the actual number of approved new posts. The Committee also recommends that the Assembly request that the Board carefully monitor the use of resources for the travel of staff.**

Integrated pension administration system implementation

46. According to the Pension Board's report, all pre-implementation activities relating to the Integrated Pension Administration System were completed in the biennium 2012-2013 (see A/68/303, para. 13) and the System is on target to be implemented in 2014 (ibid., para. 16). The Advisory Committee notes that the implementation of IPAS will lead to more efficient use of resources, increased operational capacity and improvements in service levels (ibid., para. 43). In addition, as a result of the implementation of the System, the 2014-2015 budget proposal includes efficiency gains in the order of $3.4 million from the decommissioning of the Fund's mainframe computer and by reducing significantly the level of required contractual services from the International Computing Centre. Upon enquiry, the Committee was informed that, based on the results of the high-

level business case presented to the Pension Board in 2008 (JSPB/55/R.22), the new target operating model of the System was expected to yield savings of $2.3 million per annum.

47. In this regard, the Advisory Committee notes that the Board of Auditors, in its report on the financial statements of the Pension Fund for the period ended 31 December 2012, indicated that it had performed a high-level overview of the Integrated Pension Administration System project and that no significant risks had been identified (A/68/303, annex VIII, para. 75). The Fund agreed with the Board's recommendations to closely monitor the enterprise resources planning initiatives of member organizations and progress in improving contribution reporting in order to ensure that the monthly reconciliation function could be realized by member organizations in a timely manner. The Board of Auditors further noted that there was no integrated information system in place to produce the related financial statements, and recommended that the Pension Board review and implement strategies to further enhance the financial reporting process and continue to closely monitor the timely implementation of the System and other projects, in particular regarding accounting functions, in order to ensure a full and successful realization of benefits in IPSAS implementation. **The Advisory Committee expects that the recommendation of the Board of Auditors will be implemented in a timely manner.**

48. The Advisory Committee recalls that, in its previous report on the administrative expenses of the Fund, it had indicated its expectation that, with the completion and anticipated benefits of the Integrated Pension Administration System in 2014, the requirements for resources would be proportionately reduced in future budget submissions (see A/66/7/Add.2, para. 36). The Committee notes that, while the overall budget for the biennium 2014-2015 is reduced by $19,468,200 before recosting, or 10 per cent, this reduction in the budget is mainly attributable to the changes in the accounting treatment of external management fees for small capitalization funds and publicly traded real estate (see para. 43 above), and to the reduced requirements for the development of the System. **While the Advisory Committee welcomes the progress made in the implementation of the Integrated Pension Administration System, it notes that the proposed budget for the administrative expenses of the Fund in the biennium 2014-2015 reflects a significant increase, in real terms, compared with 2012-2013. The Committee will keep the growth of the budget of the Pension Fund under close review and expects that future submissions for the Fund will reflect efficiencies and savings stemming from the implementation of the System.**

Medical standards

49. The Advisory Committee recalls that, on the basis of a proposal by the United Nations medical directors working group, the Chief Executive Officer of the Fund, in consultation with a medical consultant, recommended that the Pension Board adopt the standard of "fitness for employment" as the basis for participation in the Fund, under article 41 of the Fund's regulations, and that the Board had decided to defer consideration of this item to the 2013 session (see A/67/9, para. 221). Upon enquiry, the Committee was informed that the Board had discussed the proposed standard for medical examinations for participation in the Fund during its sixtieth session, in 2013, and had determined that the issue be left open for further consideration at its next session, in 2014. The Committee was informed that the

Board had cautioned that implementation of the medical standard must be neither discriminatory in determining who should be subject to more intensive medical evaluation, nor prejudicial to persons with disabilities. **The Advisory Committee reiterates its concerns regarding the impact of medical standards for participation in the Fund (see A/67/525, para. 21). Should the Pension Board address this issue in future sessions, the Committee looks forward to considering the Board's recommendations and trusts that such a medical standard for participation in the Fund would have no adverse impact on the possibility for employment of persons with disabilities in participating organizations.**

After-service health insurance

50. The Advisory Committee, in its report on managing after-service health insurance liabilities (A/68/550), noted that the funding of after-service health insurance benefits was an issue of system-wide concern and that, in the long term, it would be best resolved by adopting a system-wide approach similar to that currently employed by the Fund for retirement and disability benefits. The Committee was also of the view that, given its experience in administering retirement and disability benefits, the Fund would have the requisite competence to manage the resources for, and the payment of, after-service health insurance benefits as well (see A/68/550, para. 13).

51. The Advisory Committee notes that, under the Pension Fund's regulations, contributions made by participating organizations on behalf of employees that separate with less than five years of contributory service are retained by the Fund. Upon enquiry, the Committee was informed that, while the Fund does not track this information from year to year, the total amount retained by the Fund pertaining to contributions made by participating organizations on behalf of employees that separate with less than five years of contributory service was estimated at more than $85 million in 2012. The Committee recalls its recommendation that the Secretary-General examine possible options with the objective of broadening the mandate of the Fund to include the administration of after-service health insurance benefits on a system-wide basis (see A/68/550, para. 13). **In this regard, the Advisory Committee recommends that the General Assembly request the Fund to provide information on the cumulative balance of contributions made by participating organizations on behalf of employees that separate with less than 5 years of contributory service in the context of the proposed programme budget for the biennium 2016-2017.**

IV. Membership of the Investments Committee

52. Article 20 of the Regulations and Rules of the Pension Fund stipulates that the members of the Investments Committee shall be appointed by the Secretary-General after consultation with the Pension Board and the Advisory Committee, subject to confirmation by the General Assembly. Accordingly, the Secretary-General conveyed to the Board and the Committee the names of two regular members for reappointment, two ad hoc members for appointment as regular members and one ad hoc member for reappointment. **The Advisory Committee communicated its concurrence with those proposals in a letter to the Secretary-General dated 11 October 2013.**

V. Conclusions and recommendations

53. The Secretary-General, in his report on the administrative and financial implications arising from the report of the Board (A/C.5/68/2), states that, should the General Assembly approve the proposals and recommendations of the Board, the overall requirements that would arise for the United Nations would be estimated at $21,324,700 (at 2012-2013 rates). Of the total requirements for 2014-2015, the cost of the regular budget would amount to $13,370,600, and the balance of $7,954,100 would be reimbursed to the United Nations by the United Nations Development Programme, the United Nations Population Fund and the United Nations Children's Fund. Accordingly, should the Assembly endorse the proposals of the Board, the appropriation under section 1, Overall policymaking, direction and coordination, of the proposed programme budget for the biennium 2014-2015, would reflect a reduction in the amount of $561,400.

54. **Subject to the recommendations contained in the present report, the Advisory Committee recommends that the General Assembly approve the recommendations of the Pension Board as contained in paragraph 152 of its report (A/68/303).**

Annex

United Nations Joint Staff Pension Fund

Summary of new posts proposed by the Pension Fund secretariat and Pension Board for 2014-2015

Section	Post	Proposed by the Pension Fund secretariat		Proposed by the Pension Board		Recommendation of the Advisory Committee	
		Number of posts	Category/ level	Number of posts	Category/ level	Number of posts	Category/ level
Administration							
Programme of work							
Risk Management and Legal Service	Chief of Service	1	D-1	1	D-1	1	D-1
	Team Assistant	1	GS (OL)	1	GS (OL)	1	GS (OL)
Financial Services Section	Accountant	1	P-3	1	P-3	1	P-3
Investments							
Executive direction and management	Representative of the Secretary-General[a]	1	ASG	1	ASG	1	ASG
	Strategy and Analysis Director	1	D-2				
	Special Assistant to the Representative of the Secretary-General	1	P-5	1	P-4		
	Administrative Assistant to the Representative of the Secretary-General	1	GS (OL)	1	GS (OL)	1	GS (OL)
Programme of work							
Investment Section	Director, private markets	1	D-1	1	D-1	1	D-1
North American equities portfolio	Investment Officer	5	P-3	3	P-3	2	P-3
Global emerging markets	Investment Officer	1	P-3	1	P-3	1	P-3
Fixed-income group	Investment Officer, foreign exchange and cash management	1	P-4	1	P-4	1	P-4
	Investment Officer, emerging market debts	1	P-4	1	P-4	1	P-4
Real assets	Investment Officer, real assets	1	P-4	1	P-4		
	Investment Officer, real assets	1	P-3	1	P-3	1	P-3
Alternative assets	Investment Officer, hedge funds	1	P-4	1	P-4	1	P-4
	Investment Officer, alternative investments	1	P-3	1	P-3		
	Investment Assistant	1	GS (PL)	1	GS (PL)	1	GS (PL)
Trade execution team	Trade Execution Officer	1	P-3	1	P-3	1	P-3
	Trade Execution Assistant	1	GS (PL)	1	GS (PL)	1	GS (PL)

Section	Post	Proposed by the Pension Fund secretariat		Proposed by the Pension Board		Recommendation of the Advisory Committee	
		Number of posts	Category/ level	Number of posts	Category/ level	Number of posts	Category/ level
External management group	External Manager	1	P-4	1	P-4	1	P-4
Risk and Compliance Section	Compliance Officer	1	P-3	1	P-3	1	P-3
Operations Section	Chief Operating Officer	1	D-1	1	D-1	1	D-1
	Accountant	1	P-4	1	P-4	1	P-4
	Finance Officer	1	P-3	1	P-3	1	P-3
	Senior Accounting Assistant	1	GS (PL)	1	GS (PL)	1	GS (PL)
Programme Support							
Information Systems Section	Data Security Administrator	1	P-3	1	P-3	1	P-3
	Data Management Officer	1	P-3				
	Information Security Officer	1	P-3				
	Administrative Assistant	1	GS (OL)				
	Total	**33**		**27**		**23**	

Abbreviations: ASG, Assistant Secretary-General; GS (OL), General Service (Other level); GS (PL), General Service (Principal level).

[a] Subject to the recommendation of the Advisory Committee contained in paragraph 28 of the present report.

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Programme budget for the biennium 2012-2013

Proposed programme budget for the biennium 2014-2015

Human resources management

United Nations common system

Financing of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994

Financing of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission for the year 2013

Fifth report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2014-2015

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered an advance version of the statement submitted by the Secretary-General (A/C.5/68/3), in accordance with rule 153 of the rules of procedure of the General Assembly, on the administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission for 2013 (A/68/30). During its consideration of the report, the Advisory

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Committee met with representatives of the Secretary-General and of the Commission, who provided additional information and clarification.

II. Conditions of service of the Professional and higher categories

Base/floor salary scale

2. In paragraph 3 of his statement, the Secretary-General states that the comparator civil service's pay freeze, originally introduced with effect from 1 January 2011, was further extended to 31 December 2013. As a result, the gross levels of the General Schedule of the comparator did not change from the levels in 2010. However, changes in the federal tax schedule as of 1 January 2013 resulted in an increase of 0.19 per cent, in net terms, in the reference comparator pay level as compared with the net base salaries of United Nations officials at the midpoint of the salary scale effective 1 January 2012. That increase included the increase previously recommended by the Commission of 0.12 per cent, as at 1 January 2013, on which the General Assembly did not take action (see Assembly resolution 67/257, sect. B). Therefore, in accordance with the established methodology, the Commission recommended an upward adjustment of 0.19 per cent in the common salary scale for staff in the Professional and higher categories with effect from 1 January 2014. The increase in the base/floor salary scale would be implemented by increasing base salaries by 0.19 per cent through a consolidation of the requisite number of post adjustment multiplier points into base salaries on a no-loss/no-gain basis.

3. The Secretary-General states that the annual financial implications arising from such an adjustment in the base/floor salary scale for the United Nations and other participating organizations of the common system referred to in the report of the Commission amount to approximately $95,000. The Secretary-General further indicates that there are no financial implications for duty stations with a low post adjustment where net salaries would otherwise fall below the level of the new base salaries and that the amount of $95,000 is in respect of the scale of separation payments (see A/C.5/68/3, para. 4).

4. Paragraphs 6 and 7 of the statement indicate that the financial implications with respect to the adjustment to the base/floor salary scale for the proposed programme budget of the United Nations and the proposed budgets of the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia for the biennium 2014-2015 have been estimated at $28,900, $5,300 and $1,700, respectively. The financial implications for peacekeeping operations have been estimated at $11,000 for the financial period from 1 July 2013 to 30 June 2014 and at $22,000 for the financial period from 1 July 2014 to 30 June 2015.

Education grant special measures

5. At the request of the Human Resources Network of the Chief Executives Board for Coordination, the International Civil Service Commission considered introducing special measures for the levels of the education grant in Belgium and Morocco.

6. With respect to Belgium, the Commission noted that the fees charged by the three English-curriculum schools leading to the International Baccalaureate Diploma were far above the existing maximum admissible expenses. The Commission expected that, without the special measures, English-speaking staff might choose to send their children to schools outside Belgium, for example in the United Kingdom of Great Britain and Northern Ireland or France where special measures were in effect with respect to eight English-curriculum schools. Furthermore, the Commission was of the view that without adequate coverage of education-related costs provided in organizations' budgets, staff mobility to Belgium might be impeded.

7. Supporting the request of the Chief Executives Board, the Commission recommended to the General Assembly that a special education grant measure, allowing reimbursement of the education-related expenses up to the maximum established for the United States dollar inside the United States zone, be introduced for three English-curriculum schools in Brussels, namely, the International School of Brussels, the British School of Brussels and St. John's International School, as from the academic year in progress on 1 January 2013 (see A/C.5/68/3, para. 12).

8. With respect to Morocco, the Commission noted that the percentage of claims above the maximum admissible expenses did not justify a review of the education grant level, as the excess of expenses over the maximum admissible expenses was primarily due to the one-time capital assessment fees payable by the staff member. In that connection, the Commission further noted that the reimbursement of capital assessment fees was covered by a separate procedure established by the Commission in 1997, and decided that no special measure was called for in that location (see A/C.5/68/3, para. 13).

9. Paragraphs 14 and 15 of the statement indicate that the financial implications of introducing the special measures for Belgium were estimated at $71,000 per annum for the United Nations common system. The financial implications with respect to the education grant special measures for Belgium have been estimated at $7,000 under the programme budget of the United Nations for the biennium 2012-2013 and at $14,000 under the proposed programme budget for the biennium 2014-2015.

III. Conditions of service of the General Service and other locally recruited categories

Survey of the best prevailing conditions of employment in Paris

10. Following its survey of the best prevailing conditions of employment in Paris, the Commission recommended a salary scale that is 2.19 per cent lower than the current Paris salary scale. The new net salary scale and the levels of dependency allowances recommended by the Commission to the executive heads of the Paris-based organizations are reproduced in annex V to the report of the Commission (A/68/30). No immediate savings are associated with the Commission's recommendations on the revised salary scale, as the scale is expected to be implemented only with respect to staff recruited on or after the date of promulgation by the Paris-based organizations.

11. Paragraphs 17 and 18 of the statement indicate that the financial implications related to the proposed dependency allowances are estimated at approximately $70,000 per annum for the United Nations common system. The financial implications for the programme budget of the United Nations for the biennium 2012-2013 and for the proposed programme budget for the biennium 2014-2015 have been estimated at $600 and $1,700, respectively, based on the personnel statistics of the Chief Executives Board as at 31 December 2012 for United Nations staff in Paris (see CEB/2013/HLCM/HR/12).

Survey of the best prevailing conditions of employment in Montreal

12. The Commission, on the basis of its survey of the best prevailing conditions of employment in Montreal, recommended a revised salary scale 1.22 per cent higher than the existing salary scale in Montreal. The revised net salary scale and the levels of dependency allowances recommended by the Commission to the executive heads of the Montreal-based organizations are reproduced in annex VI to the report of the Commission (A/68/30). Paragraphs 20 and 21 of the Secretary-General's statement indicate that the total annual financial implications of implementing the recommended salary scale and the revised dependency allowances were estimated at approximately $334,000 for the United Nations common system. The financial implications for the programme budget of the United Nations for the biennium 2012-2013 and the proposed programme budget for the biennium 2014-2015 have been estimated at $10,300 and $27,400, respectively, based on the personnel statistics of the Chief Executives Board as at 31 December 2012 for United Nations staff in Montreal (see CEB/2013/HLCM/HR/12).

IV. Estimated financial implications relating to the comprehensive review

13. The Secretary-General recalls that the General Assembly, in its resolution on the United Nations common system (67/257), requested the Commission to report on the progress, preliminary findings and administrative aspects of the comprehensive review of the compensation package for staff in the Professional and higher categories. According to the Secretary-General's statement, no provision has been included under the proposed programme budget for the biennium 2014-2015 for the above activity, and it has become apparent that the Commission does not have the capacity to absorb the additional requirements arising from undertaking the comprehensive review. The Secretary-General estimates that additional gross requirements in the amount of $606,000 would be required under section 31, jointly financed administrative activities. Given that the United Nations share in the costs of the jointly financed budget of the Commission is 32.3 per cent for the biennium 2014-2015, additional requirements estimated at $195,700 would arise for the proposed programme budget of the United Nations for the biennium 2014-2015 under section 31. The activities underlying the proposed additional requirements are detailed in paragraph 23 of the statement, followed by a summary table of the additional requirements that is reproduced below.

Financial implications of the comprehensive review of the compensation package for the proposed programme budget of the United Nations

(United States dollars)

Object of expenditure	*Biennium 2014-2015 (jointly financed)*	*United Nations regular budget share (32.3 per cent)*
Consultants	326 000	105 300
Travel of representatives	232 000	74 900
Travel of staff	48 000	15 500
Total	**606 000**	**195 700**

14. The Advisory Committee notes that the additional requirements of $606,000 proposed by the Secretary-General for the biennium 2014-2015 under section 31 arising from undertaking the comprehensive review requested by the General Assembly in resolution 67/257 are related to estimated expenditures on consultants and travel of representatives and staff.

V. Conclusion

15. The Advisory Committee notes the financial implications and proposals reflected in paragraphs 25 and 26 of the Secretary-General's statement. **The Committee has no objection to the financial implications and proposals.**

16. The Advisory Committee further notes that the Secretary-General requests the General Assembly to approve additional gross resource requirements in the amount of $606,000 under section 31, jointly financed administrative activities, and an additional appropriation in the amount of $195,700 in respect of the United Nations share in the proposed programme budget for the biennium 2014-2015, which would represent a charge against the contingency fund. **The Committee has no objection to the Secretary-General's approach, but expects that all possible efforts will be made to achieve cost efficiencies with respect to the proposed additional requirements of $606,000, and updated information reflected in the performance reports for the biennium 2014-2015.**

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Promotion and protection of human rights: implementation of human rights instruments

Proposed programme budget for the biennium 2014-2015

Revised estimates relating to the proposed programme budget for the biennium 2014-2015 resulting from the entry into force of the Optional Protocol to the International Covenant on Economic, Social and Cultural Rights

Sixth report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2014-2015

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on revised estimates relating to the proposed programme budget for the biennium 2014-2015 resulting from the entry into force of the Optional Protocol to the International Covenant on Economic, Social and Cultural Rights (A/68/385). During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information and clarifications, concluding with written responses received on 22 October 2013.

2. As indicated in the report of the Secretary-General, in accordance with its article 18, the Optional Protocol to the International Covenant on Economic, Social and Cultural Rights entered into force on 5 May 2013, three months after the date of the deposit with the Secretary-General of the United Nations of the tenth instrument of ratification or accession on 5 February 2013. The mandated activities to be implemented under the terms of the Optional Protocol are described in paragraph 5 of the report of the Secretary-General and include: (a) individual communications; (b) inter-State communications; and (c) inquiries. The Committee on Economic, Social and Cultural Rights, established under Economic and Social Council resolution 1985/17, is responsible for carrying out the functions provided for in the Optional Protocol. The Secretary-General expects that, during the biennium 2014-2015, the Committee will register approximately 15 communications and issue between 7 and 10 decisions on either admissibility or the merits, and might also conduct 2 inquiries,

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which would entail [illegible] field visits and 2 reports. He indicates that those outputs are additional to those included under paragraph 24.70 (a) (vi) of subprogramme 2, Supporting human rights treaty bodies, of section 24, Human rights, of the proposed programme budget for the biennium 2014-2015 (see A/68/385, para. 6).

3. The Secretary-General estimates that the additional resources required to support activities relating to the Optional Protocol amount to $839,200, comprising: (a) $368,800 for additional conference-servicing requirements under section 2, General Assembly and Economic and Social Council affairs and conference management, to provide interpretation services for 20 meetings and documentation services for 520 estimated standard pages; and (b) $470,400 under section 24, Human rights, to provide for one new P-4 post to provide Secretariat support to assist the Committee in carrying out its new functions, as well as travel and daily subsistence costs of three Committee members and three accompanying staff members for two one-week inquiry missions of the Committee. The Secretary-General states that the additional requirements to cover those activities are not included in the proposed programme budget for the biennium 2014-2015 and proposes that the related appropriation be approved as a charge to the contingency fund. In addition, for the biennium 2016-2017, total estimated additional requirements of $331,200 would be considered in the context of the proposed programme budget for the biennium 2016-2017.

4. In the light of the entry into force of the Optional Protocol on 5 May 2013, the Advisory Committee enquired as to why the additional resources were not included in the proposed programme budget for the biennium 2014-2015. It was informed that at the time of the preparation of the proposed programme budget for the biennium 2014-2015 details on the financial requirements arising from the entry into force of the Optional Protocol were not known. The additional requirements were therefore not included in the budget proposals.

5. The Advisory Committee enquired whether, in estimating the expected workload arising from the entry into force of the Optional Protocol, the Secretary-General had drawn comparisons with the levels of activity experienced under other similar procedures. It was informed that the workload of the different human rights treaty bodies varied based on different factors, such as the dissemination and knowledge of the instrument, the availability of civil society organizations to advise petitioners wishing to submit a communication and the rights enshrined in the respective covenant or convention. Similarly, with regard to inquiries, practices differed among the treaty bodies as to the size and composition of the inquiry team and the number and duration of country visits. It was therefore difficult to predict when human rights treaty bodies might decide to carry out an inquiry within the framework of their mandates. For this reason, costs for one inquiry per year had been included in order to ensure that the activity could be carried out if needed. The Committee was also provided with additional information on the optional protocols of other human rights treaty bodies, including information on the intervals between opening for ratification, entry into force and receipt of the first communication or the first country visit (see annex).

6. The Advisory Committee requested further details on the assumptions underlying the estimate of the volume of additional activities expected to arise from the entry into force of the Optional Protocol, namely, 15 communications, 7 to 10 decisions, and 2 inquiries (A/68/385, para. 6). It was informed that the

determining factor for receivability of petitions was the exhaustion of all means of local redress, which could not predate the accession of the Government in question to the Optional Protocol. However, a complaint might already have been subject to a multi-year process ending with a final high court decision shortly following the signing of the Optional Protocol by the Government, in which case, a certain period would be required for the preparation of the submission to the Committee. The conditions for admissibility of communications are set out in article 3 of the Optional Protocol.

7. The Advisory Committee was also informed that the Office of the High Commissioner for Human Rights considered it reasonable to expect receipt of the first petitions within a six-month period following the entry into force of the Optional Protocol. Furthermore, the Office expected one or two communications per month, given the fact that very few mechanisms existed at the international level for receiving complaints of direct violations of economic, social and cultural rights. With regard to inquiries, it was estimated that, if the Committee on Economic, Social and Cultural Rights decided to start an inquiry, it would carry out at least one visit to the concerned State, which would also require, in addition to the visit itself, preparation of background documents and other coordination activities.

8. Upon enquiry, the Advisory Committee was further informed that, to date, the Optional Protocol had been signed by 34 States parties and ratified by 11. Of those 11 States, 2 had also accepted the provisions of articles 10 and 11 of the Protocol concerning inter-State complaints. Furthermore, it was expected that at least 10 additional States would ratify the Optional Protocol in the next two years.

9. **The Advisory Committee recommends that the General Assembly request the Secretary-General to accommodate any additional requirements to support activities relating to the Optional Protocol, if needed, from within the resources provided for in the proposed programme budget for the biennium 2014-2015 and to provide the functions of the proposed P-4 post through general temporary assistance, as required. He should report on any additional expenditures in the relevant performance report. The Committee further recommends that the requirement to establish a new P-4 post be considered in the context of the proposed programme budget for the biennium 2016-2017, taking into account actual workload requirements and levels of activity recorded in 2014-2015.**

Annex

Other human rights instruments: dates of opening for ratification, entry into force and receipt of first communication/country visit

Treaty	*Open for ratification*	*Entry into force*	*First communication received/ country visit*
Optional Protocol to the International Covenant on Civil and Political Rights	19 December 1966	23 March 1976	Communication, 19 August 1976
Optional Protocol to the Convention on the Elimination of All Forms of Discrimination against Women	10 December 1999	22 December 2000	Communication, 18 September 2003
Optional Protocol to the Convention on the Rights of Persons with Disabilities	30 March 2007	3 May 2008	Communication, 11 March 2010
Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment	10 December 1984	26 June 1987	Visit, 6-18 June 1992 Report, February 1994
Optional Protocol to the Convention on the Elimination of All Forms of Discrimination against Women	10 December 1999	22 December 2000	Visit, 18-26 October 2003 Report, January 2005

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Proposed programme budget for the biennium 2014-2015

Section 13, International Trade Centre

Seventh report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2014-2015

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the proposed programme budget of the International Trade Centre (ITC) for the biennium 2014-2015 (A/68/6 (Sect. 13)/Add.1). During its consideration of the report, the Committee met with the Executive Director of ITC and representatives of the Secretary-General who provided additional information and clarification, concluding with written responses received on 4 November 2013.

2. Pursuant to the arrangements set out in General Assembly resolution 59/276, a simplified budget fascicle was submitted in document A/68/6 (Sect. 13) with a preliminary estimate to accommodate the programme of activities of ITC for the biennium 2014-2015. In its first report on the proposed programme budget for the biennium 2014-2015, the Advisory Committee recommended that, without prejudice to its consideration of the detailed proposed programme budget for ITC for the biennium, the General Assembly take note of the resources proposed in the preliminary budget estimate (A/68/7, chap. II, para. IV.66).

3. Information on the estimated resource requirements and projected income of ITC for the biennium 2014-2015 is provided in table 13.4 of the budget document (A/68/6 (Sect. 13)/Add.1). The budget is to be funded equally by the United Nations, acting through the United Nations Conference on Trade and Development (UNCTAD), and the World Trade Organization (WTO), the two parent organizations of ITC.

4. The overall resources required for the biennium 2014-2015 for section 13 amount to SwF 73,209,300 before recosting (SwF 74,281,700 after preliminary recosting), representing a decrease of SwF 2,177,000, or 2.9 per cent, compared with the resources for the biennium 2012-2013 at revised rates. The proposed resources are partially offset by a projected income for the biennium of

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SwF 400,000, leaving a net amount of SwF 73,881,700 to be shared equally between WTO and the United Nations (A/68/6 (Sect. 13)/Add.1, table 13.4).

5. The regular budget resources for the biennium would be supplemented by extrabudgetary resources amounting to approximately $88,000,000, equivalent to SwF 82,632,000, which represents an increase of approximately 8.7 per cent in United States dollars of the total extrabudgetary expenditure of SwF 76,015,100 projected during 2012-2013 (A/68/6 (Sect. 13)/Add.1, para. 13.38). A total of 20 posts, funded from extrabudgetary sources, are proposed.

Comments and recommendations on posts

6. The Secretary-General proposes an amount of SwF 59,839,900 under post resources for 160 posts (91 Professional and higher categories and 69 General Service and related categories), reflecting a net decrease of SwF 469,100 resulting in the net reduction of two General Service (Other level) posts (A/68/6 (Sect. 13)/Add.1, para. 13.37 (a)).

Abolishments

7. The Secretary-General proposes the abolishment of one post of Administrative Assistant (General Service (Other level)) in the Office of the Executive Director and one post of Administrative Assistant (General Service (Other level)) in the Trade Information Services Section, Division of Market Development. He indicates that the reduction of the General Service (Other level) post in the Division of Market Development will be possible because of efficiencies anticipated as a result of reduced dependence on printed materials in favour of an increasingly digitally based information resource.

8. Upon enquiry, the Advisory Committee was informed that ITC had implemented a client relationship management tool in 2012 in order to improve its work with beneficiary countries, parent organizations, donors and partners. The tool had helped to improve the way ITC collects, stores and shares information, such as project-related documentation, correspondence, contact details and meeting records. The Committee was further informed that the information was stored in an easily accessible central location and that the tool contained new processes and procedures to improve the relationships between ITC and its beneficiary countries, donors and partners. The Committee was also informed that the introduction of the client relationship management system had resulted in the automation of a number of routine functions, which would make it possible for the post of Administrative Assistant (General Service (Other level)) in the Office of the Executive Director to be abolished.

9. **The Advisory Committee has no objection to the post abolishments proposed by the Secretary-General and commends the efforts made to introduce a more efficient information management system in order to achieve savings.**

Redeployments

10. During its consideration of the report of the Secretary-General, the Advisory Committee was informed that the following redeployments were being proposed:

(a) One post of Senior Programme Officer (P-5) from the Office of the Director, Division of Country Programmes, to the Trade Support Institutions

Strengthening Section, Division of Business and Institutional Support, in order to achieve the objectives of: (i) improving synergies between the ITC Women and Trade programme, which is managed by the Trade Support Institutions Strengthening Section, and the work carried out by the Senior Programme Officer; and (ii) anchoring ITC support in the area of mainstreaming the Millennium Development Goals within trade support institutions as key multipliers of ITC work;

(b) One post of Information Systems Officer (P-3), from the Information Technology Systems Section, Division of Programme Support, to the Office of the Deputy Executive Director, to: (i) support the Office of the Deputy Executive Director in an analysis, performance management and advisory capacity; (ii) provide support to enable the completion of the results-based management programme and the implementation of the proposed strategic framework for 2014-2015; and (iii) explore potential new directions linked to resource mobilization, partnerships and large programme development and assist with ITC positioning on the post-2015 agenda;

(c) One post of Corporate Communications Officer (P-4), from the Communications and Events Section, Office of the Executive Director, to the Information Technology Systems Section, Division of Programme Support, in order to expand the reach of ITC work to its beneficiaries using information and communication technologies. The Information Technology Systems Section works in close coordination with ITC senior management to ensure that information systems are designed and implemented to support the overarching strategic goals of ITC.

11. **The Advisory Committee has no objection to the redeployments proposed by the Secretary-General.**

Transfer of funding source

12. The Advisory Committee was also informed that the Secretary-General was proposing the transfer of funding for the post of Chief Strategic Planning Officer (P-5) in the Office of Strategic Planning, Performance and Governance, Office of the Executive Director, from the regular budget to extrabudgetary funding sources since its functions relate largely to programme support activities. According to the information provided, the action would align the functions of the post to its funding source.

13. In addition, the Advisory Committee was informed that the Secretary-General was proposing the transfer of funding for a P-5 post, currently functioning as the Acting Chief of the Office for Arab States, Division of Country Programmes, from extrabudgetary funding to regular budget funding. It was indicated that in addition to functioning as Acting Chief of the Office, the post was responsible for supporting the conceptualization of projects and programmes. It was also explained that transferring it to regular budget funding was being proposed in order to align its function to the source of its funding.

14. **The Advisory Committee has no objection to the proposal of the Secretary-General to transfer the funding of both posts in order to align their functions with their respective sources of funding. However, with regard to the P-5 post currently functioning as Acting Chief of the Office for Arab States, the Committee recommends that the pertinent recruitment, rules and regulations**

be applied as if it were a new post, given that it has not been previously approved under the regular budget (see A/68/7, para. 104).

Vacancy rates

15. During its consideration of the proposals of the Secretary-General, the Advisory Committee was informed, upon enquiry, that 22 regular budget and 3 extrabudgetary posts were vacant as at 17 October 2013. The Committee was further informed that, as at that date, 23 of the vacant posts were under various stages of recruitment and 2 had been proposed for abolishment. The Committee was also informed that 7 of the posts had been vacant for a period of two years or longer but were now under recruitment.

16. Upon further enquiry, the Advisory Committee was informed that the period between the separation of the former Executive Director and the appointment of a successor had lasted a long time and had resulted in recruitment delays for strategically important posts. The Committee was also informed that agreement had been reached with the management of the two parent organizations (United Nations Conference on Trade and Development and World Trade Organization) that decisions pertaining to the posts in the Office of the Executive Director should be made in close collaboration with the incoming Executive Director, which resulted in further delays.

17. In that regard, the Advisory Committee was informed that, since becoming vacant in 2009, the post of Director, Strategic Planning, Performance and Governance (D-1), had been advertised twice, in 2010 and in 2011, but that no suitable candidate had been found. In the interim, the Committee was informed that the functions of the post were being carried out by temporary staff. The Committee was informed that the new Executive Director had made it a priority to fill this and other vacancies at the Centre.

18. **The Advisory Committee expects that all vacant posts will be filled as soon as possible. In addition, the Committee recalls its view that the continuing requirement for posts that have been vacant for two years or longer should be reviewed and that justifications should be provided for their retention in the proposed programme budget. Otherwise, they should be proposed for abolishment** (A/68/7, chap. I, para. 107).

Distribution of staff at the senior management level by gender and nationality

19. Upon request, the Advisory Committee was provided with information on the gender and nationality distribution of ITC staff at the senior management level (P-5 and above). With regard to gender distribution, the Committee notes that, of the 21 staff in that category, 15, or 71 per cent, are male (1 D-1 and 14 P-5) and 6, or 29 per cent, are female (1 ASG, 2 D-1 and 3 P-5). With regard to geographical distribution, the Committee notes that the 21 senior management staff of the Centre represent 17 nationalities, only 1 of which is from a least developed country. **The Advisory Committee takes note of the gender and nationality distribution of ITC staff at the senior management level and encourages the Centre to continue widening the geographical base of its staff.**

Recommendations on non-post resources

20. The overall estimate for non-post resources for 2014-2015 amounts to $13,369,400, which represents a decrease of SwF 1,707,900 (11.3 per cent) compared with the 2012-2013 resources at revised rates. As indicated in the supplementary information, the decrease in non-post resources is mainly attributable to reduced estimates for other staff costs (SwF 937,000); contractual services (SwF 669,500); furniture and equipment (SwF 280,300); and grants and contributions (SwF 311,800). The reductions are offset in part by an increase in the estimates for consultants (SwF 535,200).

Other staff costs

21. According to the supplementary information, the decrease of SwF 937,000 is mainly attributable to proposed reductions under general temporary assistance, reflecting the discontinuation of two temporary positions, Senior Programme Officer (P-4), responsible for benchmarking, and Graphic Designer (P-2); as well as to other reductions under temporary assistance for meetings of the Joint Advisory Group and sick leave replacement, in accordance with the application by the Secretary-General of General Assembly resolution 67/248. It is further indicated that extrabudgetary resources will be sought to fund these requirements.

22. The Advisory Committee recalls that, in his 2012-2013 programme budget proposals, the Secretary-General had requested the conversion of the two temporary positions to established posts. The Committee further recalls that it had recommended against his proposal to convert the position of Senior Programme Officer (P-4) because it considered the functions of the position to be time bound (A/66/7/Add.5, para. 14). The Committee further recalls that the General Assembly had decided that the position of Associate Graphic Designer (P-2) should continue to be funded under general temporary assistance (resolution 66/247, sect. VI, para. 2).

23. Upon enquiry, the Advisory Committee was informed that during the biennium 2012-2013, steps had been taken to build in-house capacities to meet future demands for the services provided by the two positions in order to ensure the sustainability of operations after the expiration of their funding. With regard to the Senior Programme Officer (P-4) position, a widely accessible web-based benchmarking model had been developed for trade support institutions wishing to review or compare their results or undertake an abridged self-assessment. With regard to the Associate Graphic Designer (P-2) position, the Committee was informed that ITC had developed the basic elements for clearer and more consistent visual communications, including a redesigned annual report, website and intranet, as well as templates for various document types to be used for the design of its information materials.

24. **The Advisory Committee has no objection to the discontinuation of temporary positions proposed by the Secretary-General. However, the Committee recalls its earlier comments regarding abolished regular budget functions being funded from extrabudgetary sources (A/68/7, para. 80) and stresses that should temporary assistance for those two functions be required, such assistance should be funded from the regular budget and reported accordingly in the budget performance report.**

Consultants

25. The provision of SwF 1,148,600 for consultants in 2014-2015 reflects an increase of SwF 535,200, compared with the requirements for 2012-2013 at revised rates. It is indicated in the supplementary information that the increase is mainly attributable to the reclassification of the costs of specialized information and communications technology services, which had been budgeted under the contractual services class in the biennium 2012-2013.

26. Upon enquiry, the Advisory Committee was informed that the increase of SwF 535,200 reflected the reclassification of the costs of information technology consultants (SwF 500,500) and other individual consultancy services required for the translation and editing of ITC publications (SwF 75,000), which had previously been budgeted under the contractual services class. As such, the Committee was informed that the increase represented a budgetary reclassification of proposed expenditures from contractual services to consultants, rather than an increase in requirements. The Committee was also informed that the provision of SwF 500,500 required for the engagement of information technology consultants would cover the provision of specialized services, including corporate-related information and communication technology activities, which would allow the Centre to develop and further enhance its corporate systems for programme and project management, systems for electronic document management, business-oriented databases, administrative information and the ITC intranet and Internet websites and applications.

Travel of staff

27. A provision of SwF 678,000 is proposed to cover the cost of travel of staff members in 2014-2015 and reflects no change, compared with the approved requirements for 2012-2013 at revised rates. Upon enquiry, the Advisory Committee was informed that the provision for travel of staff had been held constant since the biennium 2006-2007, with no adjustment for inflation. In addition, the Committee was informed that various efficiency measures had been implemented and had resulted in reduced travel costs, mainly under extrabudgetary projects. The measures included the implementation of a 16-day advance travel purchase policy; the negotiation of corporate airline fares and use of low-cost carriers; voluntary downgrades from business to economy class; the use of remotely tutored courses resulting in savings in travel to beneficiary countries; the implementation of General Assembly resolution 67/254 on official travel; and greater use of videoconference and e-learning systems.

28. **The Advisory Committee takes note of the travel cost reduction measures and expects the impact of the measures to be reflected in reduced future budgetary estimates for staff travel. Furthermore, and in line with its recommendation for all other budget sections, the Committee recommends that the General Assembly approve a reduction of 5 per cent of total travel costs for staff** (A/68/7, para. 123).

Contractual services

29. The provision of SwF 1,978,600 for contractual services in 2014-2015 reflects a decrease of SwF 669,500, compared with the requirements for 2012-2013 at revised rates. As indicated in paragraphs 25 and 26 above, the decrease is mainly

attributable to the reclassification of the costs of specialized information and communications technology services, which were previously budgeted under contractual services in the biennium 2012-2013 and will be classified under consultants in 2014-2015.

30. **The Advisory Committee has no objection to the proposals of the Secretary-General for non-post resources.**

Furniture and equipment

31. In table 13.6 of his report, the Secretary-General proposes to extend the budgeted life cycle for desktop and laptop equipment by 6 months, from 4 to 4.5 years. Upon enquiry, the Advisory Committee was informed that, according to the existing policy, desktop and laptop computers should be replaced before the end of the fourth year because both the warranty and technical support lapsed after four years. The Committee was further informed that the anticipated regular budget savings in acquisition costs, if the replacement cycle of desktop and laptop computers of the Secretariat, excluding special political missions, were to increase to 4.5 years, would amount to $162,000 per year based on an even distribution of the purchase cycle. The Committee recalls that in his earlier report, (A/58/7, para. 113), the Secretary-General had estimated savings of $2.37 million from increasing the replacement cycle for personal computers from 3 to 4 years. **In this regard, the Advisory Committee welcomes the proposed cost-saving measure to extend the replacement cycle for ITC desktop and laptop computers from 4 to 4.5 years and recommends that the General Assembly request the Secretary-General to apply the same measure to the regular budget for the biennium 2014-2015. Furthermore, the Committee recommends that the Secretary-General be requested to provide updated information on the financial implications of this measure to the Assembly at the time of its consideration of the budget proposals of the Secretary-General for the biennium 2014-2015.**

General comments

Independent evaluation of International Trade Centre activities

32. In paragraph 13.21 of his report, the Secretary-General indicates that resources estimated at $2,258,000 ($928,000 under the regular budget and $1,330,000 in extrabudgetary sources) had been identified for conducting an independent evaluation of ITC activities in the biennium 2014-2015. He further indicates that the priorities of the evaluation function for the biennium would review progress made and build on the lessons learned from previous evaluations; implement annual evaluation workplans covering ITC programmes; enhance the integration of lessons learned from evaluations into project design mechanisms; and launch a special effort to diffuse the use of self-evaluation in the Centre through training, improvement of templates and a quality control mechanism.

33. Upon enquiry, the Advisory Committee was informed that the strategic guidance provided by the evaluation would likely have an impact on the work and the organization of ITC and that, while it could not yet be determined, the implementation of its recommendations could have a budgetary impact. The Committee was further informed that the cost of changes introduced as a result of the evaluation for improving the relevance, efficiency, effectiveness, sustainability and impact of ITC activities would be covered by the Centre's extrabudgetary

resources. In addition, the Committee was informed that any impact of the evaluation on its regular budget would be reflected in the proposed programme budget for the biennium 2016-2017.

34. **The Advisory Committee looks forward to receiving information on the outcome of the independent evaluation of ITC activities in future budget submissions.**

Simplified budget procedures

35. The Advisory Committee recalls that in its resolution 59/276, the General Assembly had endorsed the recommendations of the Advisory Committee (A/59/543) with regard to the administrative arrangements for the presentation of the ITC budget. The Committee further recalls that the arrangements included the submission of a simplified fascicle in the spring of the year preceding the forthcoming financial period to the General Assembly and the WTO General Council in order that they might take note of the proposed level of resources. In addition, the issuance of the simplified fascicle would be followed by a fully detailed proposal to be submitted in the fall for decision by both bodies (A/59/543, para. 5). Furthermore, ITC would continue to prepare two budget fascicles containing the same financial and substantive information in different formats, one for WTO and the other for the United Nations.

36. **The Advisory Committee believes that more could be done to harmonize the two budget documents and to further simplify the existing arrangement by which it reviews the ITC budget twice in the year preceding the financial period. The Advisory Committee therefore urges the Secretary-General to intensify his efforts to further simplify the administrative arrangements for the presentation of the ITC budget so as to require only one review by the Committee in the year preceding the financial period.**

Performance measures

37. From the performance measures contained in table 13.8 of the report of the Secretary-General, the Advisory Committee notes a reduction in the target number of institutions reporting improvements in their managerial performance and/or services to small and medium-sized enterprises as a result of ITC assistance. The table indicates that the target number for the biennium 2014-2015 is 120, which represents a reduction compared with the biennium 2012-2013 estimate of 139. Similarly, the target number of enterprises that would be enabled to become export ready in 2014-2015 through ITC training activities is 1,900, which represents a reduction compared with the 2012-2013 estimate of 2,000.

38. Upon enquiry, the Advisory Committee was informed that the proposed performance measures for the biennium 2014-2015 had been designed to reflect both what the Centre seeks to achieve, the outcomes and the activities that would lead to those outcomes. The Committee was further informed that the performance measures had been refined to best fit both the expertise that ITC could offer and the desired results sought by its beneficiary partners and other stakeholders. It was explained that defining the performance measures for each project was a demand-driven process that involved assessing client needs in detail, using ITC needs assessment methodologies, consulting stakeholders, and developing an exhaustive logical framework for each one.

39. **The Advisory Committee notes the reduction in performance targets and recommends that the Centre's performance measures be kept under review.**

40. **Taking into account its recommendations contained in paragraphs 14, 28 and 39 above, the Advisory Committee recommends that the General Assembly approve the proposals under section 13, International Trade Centre, of the proposed programme budget for the biennium 2014-2015.**

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Proposed programme budget for the biennium 2014-2015

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Fifth progress report on the enterprise resource planning project

Eighth report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2014-2015

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the fifth progress report of the Secretary-General on the enterprise resource planning project (A/68/375 and Add.1) submitted pursuant to General Assembly resolution 64/243, in which the Assembly requested the Secretary-General to continue to ensure that the Assembly is kept informed, on an annual basis, of the progress regarding the enterprise resource planning project (Umoja). The Committee also had before it the second annual progress report of the Board of Auditors on the implementation of the United Nations enterprise resource planning system (A/68/151), submitted pursuant to General Assembly resolution 66/246.

2. During its consideration of the above-mentioned reports, the Advisory Committee met with the Under-Secretary-General for Management, the Umoja Project Director and other representatives of the Secretary-General who provided additional information and clarification, concluding with written responses received on 29 October 2013. The Committee also had an exchange with the members of the Audit Operations Committee.

3. The Secretary-General reports that Umoja Foundation was successfully implemented at the pilot sites of the United Nations Interim Force in Lebanon (UNIFIL) and the Office of the United Nations Special Coordinator for Lebanon (UNSCOL) and in their supporting offices at Headquarters on 1 July 2013. As it was concluding its consideration of the item, the Advisory Committee was informed that Umoja Foundation had also been successfully launched on 1 November 2013 at

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cluster I entities, comprising 14 peacekeeping missions and the Regional Service Centre at Entebbe, Uganda. **The Advisory Committee welcomes the progress achieved thus far. It commends the Umoja project owner, Steering Committee and project team as well as the implementing offices/field missions and all departments/offices involved for the efforts made towards the implementation of Umoja Foundation at the pilot sites and at the peacekeeping missions (cluster 1). In the light of the difficulties encountered by the project since its inception, the Committee considers this initial deployment of Umoja Foundation to be a key milestone in the life cycle of the project, which should provide Member States with some assurance as to the effectiveness of the project leadership and the viability of the system.**

4. **Notwithstanding the above, the Advisory Committee notes from the reports of both the Secretary-General and the Board of Auditors that significant challenges and risks to the project remain, which must be addressed if the enterprise resource planning system is to deliver its full scope and functionality and the envisaged qualitative and quantitative benefits within the existing forecasts of time and cost. The Committee recommends that the General Assembly request the Secretary-General to closely monitor the design, build and deployment of the different phases of Umoja, as approved by the Assembly in its resolution 67/246, and ensure strict management of the implementation timetable and costs of the project. The Committee further recommends that the Assembly request the Secretary-General to keep under continued review the adequacy of project governance, oversight and risk management, as well as of the level of cooperation and coordination throughout the Secretariat.**

II. Second annual progress report of the Board of Auditors on the implementation of the United Nations enterprise resource planning system

5. The report of the Board of Auditors on the implementation of the United Nations enterprise resource planning system (A/68/151) contains its findings and recommendations following its second annual audit and an assessment of the project conducted in April 2013, covering the period from April 2012 to April 2013. The report also reflects updates provided by the Secretariat through the end of June 2013. The Board indicates that it did not review the enterprise resource planning system in operation after the launch of the pilot at UNIFIL and UNSCOL, and therefore offers no assurance as to the effectiveness or functionality of the system.

6. The overall assessment of the Board of Auditors is that there has been good progress since its previous report in the area of project governance, in completing the design and build of the technical solution for Umoja Foundation and in deploying the system in two pilot sites in July 2013, as planned. It notes that significant efforts have been made by the enterprise resource planning project in the past year to catch up on lost time and to make progress in the implementation of the system.

7. The Board of Auditors also notes the positive response given by the Secretariat to its previous report and the steps taken by the Secretariat to address many of its concerns. Annex IV of the report of the Board provides an analysis of the status of

the implementation of the recommendations issued for the year ended 31 December 2012 (A/67/164). An update is also provided in the fifth progress report of the Secretary-General on the enterprise resource planning project (A/68/375, paras. 9 and 10). As indicated, of the 13 recommendations issued, 3 (23 per cent) are fully implemented, 9 (69 per cent) are under implementation, and the implementation of 1 has to be started.

8. The Board of Auditors continued to assess the implementation of the enterprise resource planning system and presented its findings in the following five key areas: (a) desired outcomes; (b) business transformation; (c) project management; (d) project assurance; and (e) governance. The Board highlighted the need to focus on better use of data from the system to deliver benefits; develop strategies to fully exploit the potential to achieve more efficient and effective administrative processes; ensure that process owners have the authority or supporting management system required to ensure consistent ways of working across the fragmented and decentralized organizational structure of the Secretariat; agree on a future service delivery model for the United Nations; develop a detailed and fully integrated project plan that links the budget to milestones and deliverables; develop an overarching commercial strategy to address the complexity of the commercial arrangements of the project, which includes multiple build vendors; and subject key aspects of the project, including the revised timetable and budget, to regular systematic and independent challenges in order to provide project assurance.

9. The observations of the Advisory Committee regarding specific findings of the Board of Auditors are provided in the relevant section of the present report.

III. Fifth progress report of the Secretary-General on the enterprise resource planning project

A. Project governance and oversight

10. **The Advisory Committee recalls that the Under-Secretary-General for Management, as Chair of the Umoja Steering Committee and project owner, is accountable for the project.**

11. The action taken to strengthen ownership and accountability is outlined in paragraphs 2 to 8 of the report of the Secretary-General (A/68/375). The Secretary-General states that there is a clearer definition of roles, responsibilities and accountability. In particular, the role of the process owners has been strengthened through the issuance of a memorandum from the Secretary-General to all heads of departments/offices requesting them to collaborate with the process owners and to prioritize the activities necessary for the successful implementation of Umoja. In order to ensure accountability for the success of the project, the senior manager compacts have been modified to stipulate that departments and offices will carry out preparatory activities in accordance with the Umoja deployment schedule and will absorb the cost of all departmental activities not included in the Umoja budget as part of the operational responsibilities of the user departments that perform the functions. The Secretary-General also states that the Steering Committee is functioning better: it monitors strategic risks closely, ensures that decisions are taken to mitigate the risks in a timely manner, actively identifies possible future issues and ensures that the needs of the project are appropriately addressed across

the Organization. An updated Umoja governance model is provided in annex I to the report of the Secretary-General.

12. The Board of Auditors is encouraged that the Secretariat has taken a number of steps to improve the governance of the project, including: (a) designation of the Under-Secretary-General for Management as the project owner; (b) appointment of a permanent project director for the project at the Assistant Secretary-General level, reporting to the Under-Secretary-General for Management; (c) inclusion of Umoja-related objectives and performance measures in the 2013 senior manager compacts; and (d) designation of five process owners with responsibility for the implementation of Secretariat-wide business processes in their area of expertise and benefits realization. While recognizing the improvements made, the Board is of the view that more needs to be done to empower the process owners and ensure that they have the necessary authority to enforce consistent ways of working across the Secretariat. The Board recommends that the project team provide status updates to the Steering Committee that reflect uncertainty levels relating to forecasts concerning cost, time and quality to support better-informed decision-making (see A/68/151, paras. 106-112).

13. **The Advisory Committee notes the actions taken to strengthen the governance arrangements for the project in response to General Assembly resolution 66/246. It reiterates the critical importance of ensuring robust governance, oversight and accountability for the project and recommends that the Assembly request the Secretary-General to implement, as a matter of priority, the recommendations issued by the Board of Auditors in this regard. The Committee emphasizes the need to ensure that the project owner, as well as the process owners who have committed to realizing the qualitative and quantitative benefits for the Organization, are granted the requisite level of authority to implement the changes to the business processes and working methods that are embedded in Umoja, and that the project enjoys high levels of collaboration and cooperation throughout the Secretariat.**

14. The Board of Auditors notes that the project team and the Office of Information and Communications Technology are increasingly working together, with the latter making the implementation of the enterprise resource planning project a key priority, as requested by the General Assembly (resolution 67/254, sect. I, para. 11). It emphasizes that the relationship is an important facilitator in delivering the benefits of the project, since a significant level of the resources of the Office will be required to support the enterprise resource planning system, both in the period following implementation and throughout the lifetime of the system, and could lead to a reprioritization of the resources of the Office. **The Advisory Committee has consistently stressed that the implementation of the business process changes that Umoja will bring about will only be possible with significant information technology support (see A/65/576, paras. 32, 38, 41-43; and A/67/770, paras. 31, 47-55, 71). The Committee welcomes the increased coordination and cooperation between the Umoja project and the Office of Information and Communications Technology, as well as with the Information and Communications Technology Division of the Department of Field Support, and encourages continued intensification of such efforts.**

B. Implementation status of Umoja Foundation, Umoja Extension 1 and Umoja Extension 2

15. Details on the timeline for the implementation of Umoja Foundation, Umoja Extension 1 and Umoja Extension 2 by cluster are provided in figure I and paragraphs 19 to 26 of the fifth progress report of the Secretary-General (A/68/375). In the report, the Secretary-General states that only minor changes have been made to the implementation schedule set out in the fourth progress report (see A/67/360, sect. III). He reports that Umoja Foundation was successfully implemented on 1 July 2013 at the pilot sites of UNIFIL and UNSCOL and in their supporting offices at Headquarters, according to specifications and as planned. He further indicates that the system is fully operational in the pilot locations and meets high user satisfaction. The Advisory Committee notes from the summary to the fifth progress report that information on the lessons learned from the pilot deployment of Umoja Foundation at UNIFIL and UNSCOL are to be presented to the Assembly during the main part of its sixty-eighth session. Upon request, the Committee was provided with some details on the lessons learned during the implementation of the pilot, which are provided in annex I to the present report.

16. In the addendum to his report (A/68/375/Add.1), the Secretary-General provides an update on the project since the finalization of the fifth progress report. He indicates that based on the lessons learned during the implementation of the pilot at UNIFIL and at UNSCOL, in particular the complexity of the conversion of legacy data and other predeployment activities, the Steering Committee decided to postpone by 30 days the deployment of Umoja Foundation to all peacekeeping missions (cluster 1) and special peacekeeping missions (cluster 2) to 1 November 2013 and 1 February 2014, respectively. The Secretary-General affirms that the 30-day delay will not have an impact on the timetable of the roll-out to the remaining clusters. As indicated above, the Advisory Committee was informed that Umoja Foundation had been successfully launched on 1 November 2013 at 14 peacekeeping missions and at the Regional Service Centre at Entebbe while the Committee was concluding its consideration of the fifth progress report. The Committee was further informed that 3,000 staff were using Umoja and that training was ongoing. **The Advisory Committee recommends that the General Assembly request the Secretary-General to include, in the presentation to be provided to the Assembly at the time of its consideration of the item (see para. 15 above), information on the roll-out of Umoja Foundation on 1 November 2013 at all peacekeeping operations (cluster 1), as well as an update on the status of the preparatory activities for the implementation of the roll-out at the special political missions (cluster 2) on 1 February 2014.**

17. The Advisory Committee was further informed that, by and large, the design, build and deployment activities of the subsequent phases were proceeding according to plan as follows: (a) Umoja Foundation and Umoja Extension 1 would be fully deployed in the remaining entities by June 2015, with a pilot implementation of Extension 1 at the United Nations Stabilization Mission in Haiti (MINUSTAH) in the first quarter of 2014, except for the payroll of national staff in field missions, which was planned for January 2016; (b) the design of Umoja Extension 2 would be completed by December 2015, followed by the start of the build and test phases in 2016, an initial roll-out of the system in early 2017 and Secretariat-wide deployment by cluster by the end of December 2018. Upon enquiry, the Advisory Committee

was provided with an updated timeline for the project, which is provided in annex II to the present report.

Risks to project implementation

18. The Board of Auditors points out that the timetable of the implementation plan is very ambitious and complex, requiring multiple phases (Umoja Foundation, Umoja Extension 1 and Umoja Extension 2) to be designed, built, tested and deployed in parallel in different clusters, each with a large number of implementing departments and offices. The complexity is further compounded owing to the involvement of multiple build vendors for the different phases of the project. The Board also notes that the plan provides little margin for unforeseen events, and therefore presents a number of risks. In addition, the Board notes that the continuing legacy of past project problems and decisions will take some time to resolve (see A/68/151, summary, and paras. 50 and 52).

19. The Secretary-General cites the following among the highest risks to the project: (a) the tight timeline for the deployment in clusters 1 and 2, with no allowance for any additional time that might be required; (b) the fatigue of some key staff owing to the sustained and high-intensity workload without relief; (c) the fragmentation and lack of global coordination of the information and communications technology structure and resources in the United Nations and the many applications, help desks, networks and tools in place, which pose a risk to the full realization of Umoja benefits; and (d) the delay in the development of the software module being built by the enterprise resource planning vendor for Umoja Extension 1, which has had an impact on the testing schedule and may have an impact on the pilot roll-out at MINUSTAH during the first quarter of 2014 (see A/68/375, para. 38; see also paras. 61-63 below).

20. **The Advisory Committee recognizes the significant risks faced by the project regarding the implementation timeline and budget. It stresses the need for rigorous project planning and project management, and close monitoring of areas of risk and vulnerability in order to resolve emerging issues promptly and to avoid further delay and cost escalation. The Committee also emphasizes the important roles and responsibilities of the project owner and of the Steering Committee in guiding and overseeing the management of the implementation of the project, in fostering cooperation from the relevant Secretariat departments/offices and in facilitating decision-making and the prompt resolution of issues.**

Organizational readiness

21. The Secretary-General discusses organizational readiness in paragraphs 39 to 47 of his report (A/68/375). He indicates that the major challenge affecting the implementation of Umoja according to the schedule and budget set out in the fourth progress report (A/67/360) is the state of the Secretariat's organizational readiness. In addition, the transition to the new system is made more complex by the different ways of working that currently exist in the various departments/offices, their unique conditions and the different levels of readiness to support and adopt Umoja. The Secretary-General provides further information on the specific actions taken to ensure the organizational readiness for deployment of Umoja Foundation and Umoja Extension 1, as well as the efforts in support of organizational change management

and communication and engagement with management and staff in order to ensure increased awareness and acceptance of the Umoja solution.

22. Upon enquiry, the Advisory Committee was provided with a summary table showing the estimated number of total Umoja end users by phase and cluster, which is provided in annex III to the present report. The Committee notes that the total number of Umoja users is expected to exceed 50,000 individuals following the Secretariat-wide deployment of Umoja Extension 1 in 2016. **In view of the large number of users, the Advisory Committee emphasizes that close attention should be paid to coordinating organizational readiness activities related to the implementation of Umoja at each location so as to ensure a smooth deployment of systems, limit the burden on end users and avoid disrupting operational activities.**

C. Project management

23. In the summary to his report (A/68/375), the Secretary-General states that, in the area of project management, progress was made in developing and implementing an integrated project plan allowing for the monitoring of budgets in relation to actual expenditures and against the achievement of project milestones (see also A/68/151, paras. 48-60). The Board of Auditors notes that the project team has been using a project management tool called NOVA since December 2012 and has created a reporting structure to enable activity-based costing from December 2012 onward and better monitoring of planned versus actual expenditure. The Board indicates that the tool is not currently being used to forecast future costs or to report information thereon to the Steering Committee. While noting evidence of increased planning activities, the Board indicates that there remains no single integrated project plan that captures all activities to be undertaken by the project team, system build contractors or the wider United Nations. With regard to expenditure against progress, the Board indicates that the $208.8 million spent as at 31 March 2013 was primarily on the system design, software licences and the build of Umoja Foundation, but that the project was still unable to determine exactly what should have been achieved in return for spending approximately 55 per cent of the project budget.

24. The Board of Auditors stresses further that the need for a detailed integrated plan will become even more acute following the implementation of Umoja Foundation at peacekeeping missions, when the project team will be simultaneously designing, building and deploying multiple phases of the system in multiple locations and working with multiple vendors. Increased efforts will be required to successfully coordinate, manage and control the implementation while containing costs. It reiterates its previous recommendation that the project team finalize its work to establish a methodology linking the budget to milestones and deliverables in order to better support tracking progress against expenditure.

25. **The Advisory Committee shares the view of the Board of Auditors that an integrated project plan is a fundamental tool for managing project performance and is necessary for determining what work remains and how much it will cost to complete it. The Committee reiterates the importance of establishing such a plan and recalls that it has consistently requested, since the launch of the project, that a detailed implementation plan be developed, including project milestones, deliverables and costs as well as baseline information, in order to**

enable the General Assembly to measure progress against targets (see A/67/565, para. 40). The Committee notes that some progress has been made in the development of an integrated project plan and a more detailed timetable. It recommends that the Assembly urge the Secretary-General to fully implement the above-mentioned recommendation of the Board without further delay.

D. Benefits realization

26. The Secretary-General affirms his commitment to realizing by 2019 quantitative benefits ranging between $140 million and $220 million (see A/68/375, paras. 30-36), which will be sustained following implementation.[1] The benefits would be achieved, inter alia, as a result of refined business processes, reduced manual work, and reduced duplication of effort. The potential qualitative benefits remain improved operational effectiveness and timeliness, better accountability, greater transparency, higher client satisfaction, multiple process improvements and the adoption of international best practices and standards. The Secretary-General further indicates that the benefits would start to become evident during the period 2015-2016, but that the full impact would not be felt until 2017-2019. He also emphasizes that not all benefits should be seen as savings and will not result in corresponding budget reductions.

27. The Secretary-General indicates that the Umoja project owner manages the overall process aimed at establishing, committing to and realizing the benefits of the project, supported by the process owners who will commit to the qualitative and quantitative benefits for the Organization. The heads of departments and offices within the Organization will also commit to the benefits realization plans and incorporate them into the appropriate budgeting cycle and budget performance reporting.

28. With regard to the methodology by which development plans will be developed and implemented, the Secretary-General indicates that under the leadership of the project owner, process owners and the Chief Information Technology Officer will work with departments and offices to agree on the actions to be taken to realize quantitative benefits during future budget periods and produce specific benefits realization plans in agreement with the heads of departments and offices. Together with the Umoja project team, they will be actively engaged in refining the statements of benefits for their respective processes, will continually assess the validity of the latest statements of benefits for the processes they are responsible for and will prepare a forecast of the anticipated accrual of benefits, adjusted on the basis of actual performance. Departments and offices will show efficiencies and productivity gains attributable to Umoja, in the appropriate budgeting cycle and in

[1] In the summary to his fourth progress report (A/67/360), in which he sets out the revised deployment strategy that was approved by the General Assembly in its resolution 67/246 and which is currently being implemented, the Secretary-General indicated that, based on the revised Umoja implementation schedule, once Umoja Foundation and Umoja Extension 1 functionalities were rolled out to the five "clusters", the annual benefit was estimated in the range of $80 million to $150 million in 2017, and that after full deployment and stabilization of Umoja Extension 2, a potential $60 million to $80 million of additional annual quantitative benefits could be realized, reaching a combined benefit of anywhere between $140 million and $220 million in 2019. In his first progress report (A/64/380), the Secretary-General estimated the potential annual quantitative benefits that Umoja could deliver to range between $133.9 million to $223.5 million.

their budget performance reporting. The Umoja progress report will include an updated, consolidated summary of Umoja-related efficiencies in order to facilitate the monitoring of achievement against the targets provided to the General Assembly in previous Umoja reports.

29. The Advisory Committee notes from the summary to the report of the Secretary-General that the next step following the deployment of Umoja Foundation in peacekeeping operations is to develop entity benefits realization plans for the Department of Field Support. The exercise is to be jointly undertaken by process owners, the Umoja team, the Office of Programme Planning, Budget and Accounts and the Department of Field Support.

30. In its report (A/68/151), the Board of Auditors comments on the status of the development of benefits realization plans, noting that there is no clear and consistent approach to building benefits realization plans and that there is an absence of defined mechanisms to resolve any disagreement between process owners and the heads of departments or offices about actions regarding the changes in staffing and working practices needed to realize benefits from more efficient working practices. The Board recommends that the Secretariat design, communicate and implement a plan within each business area to exploit the defined benefits of up-to-date and consolidated data from the enterprise resource planning system; and clarify how it intends to realize both the qualitative and quantitative benefits of improved information.

31. **The Advisory Committee emphasizes the importance of setting benefits realization targets with a view to achieving the full potential of the enterprise resource planning system. It also stresses the need to develop credible benefits realization plans that are fully understood by the implementing departments/offices in order to ensure the delivery of intended benefits. It recommends that the Secretary-General be requested to ensure that the heads of the implementing departments/offices be fully engaged in the process and made aware of the goals and objectives of Umoja. The Committee expects that concrete information on the quantitative and qualitative benefits resulting from the implementation of Umoja will be provided in the budgetary proposals as well as in the performance reports for peacekeeping operations as early as possible, and no later than the 2016/17 period.**

32. In its report, the Board of Auditors stresses the need to focus on better use of data from the enterprise resource planning system to deliver benefits and to develop strategies to fully exploit the potential to achieve more efficient and effective administrative processes. In a previous report, the Advisory Committee had emphasized that the enterprise resource planning system should ensure that timely information is available for performance management, oversight and decision-making (see A/60/870, para. 16). In that connection, the Committee recalls that, in his report on enterprise systems for the United Nations Secretariat worldwide, the Secretary-General had stated that the lack of integrated and complete data on resources, both at Headquarters and in the field, was a serious impediment to effective management, planning and decision-making (A/62/510/Rev.1, para. 12). In his first progress report on the implementation of the enterprise resource planning system, the Secretary-General had indicated further that, with a single information repository, the system would provide markedly improved capabilities for timely reporting to Member States and senior management on expenditure, commitments

and project status (A/64/380, para. 22). **The Advisory Committee recommends that the General Assembly request the Secretary-General to ensure that the enterprise resource planning system provide Member States with comprehensive, high-quality, accurate and timely information to facilitate their consideration of and decision-making on administrative and budgetary proposals.**

33. The Advisory Committee recalls that in its resolutions 60/283 and 63/262, in which the General Assembly had decided to replace the Integrated Management Information System with a next-generation enterprise resource planning system and approved the enterprise resource planning project, the Assembly had recalled that the objective of the project was to enhance the effective and transparent use of the resources of the Organization and, in that regard, had emphasized the need to identify tangible and measurable efficiency and productivity gains arising from the project. **The Advisory Committee emphasizes the need to achieve the objective set by the General Assembly for the project when developing benefits realization plans.**

E. Review of the execution of the design phase

34. In its previous report, the Advisory Committee requested the Board of Auditors to review the execution of the design phase and to follow up on the outcome of the "get to green" recovery plan (A/67/565, para. 44). The findings and related recommendations of the Board are set out in paragraphs 65 to 68 of the report of the Board (A/68/151). The Committee notes that the design was initially expected to be completed in the second quarter of 2010. The original not-to-exceed value of the contract with the design vendor was $11 million but by March 2013 the total amount committed to the design vendor had increased to $60.5 million. Furthermore, the Board indicates that, according to a review performed by the software vendor and the Umoja Foundation build vendor, only 40 per cent of the design had met expectations. The remedial action undertaken ("get to green") is estimated to have required approximately 30,000 man hours, at an additional cost of $5.6 million, until it was closed on 31 October 2012, but with some 25 ongoing residual design clarifications remaining. Similar remedial work currently under way for the design of Umoja Extension 1 ("get to build") had cost approximately $2.1 million at the time of the Board's audit. The Committee was informed that by June 2013, the completion rates of the design of Umoja Foundation, Umoja Extension 1 and Umoja Extension 2 were 95, 86 and 40 per cent, respectively. **The Advisory Committee recommends that the General Assembly request the Secretary-General to provide in his next progress report details on the timeline and total costs incurred for the completion of the design of Umoja Foundation, Umoja Extension 1 and Umoja Extension 2, as well as an assessment of the impact of the delays in the finalization of the Umoja design on the overall project timeline and budget.**

F. Procurement of services for the project

35. In its previous report, the Advisory Committee requested the Board of Auditors to provide assurances that the services acquired for the Umoja project were procured in the most economical manner possible (A/67/565, para. 44). The Board indicates that, in response to that request, it reviewed the procurement of the

contract for the design phase as well as of one of the two major build contracts. The findings and related recommendations of the Board are set out in paragraphs 69 to 82 of its report (A/68/151). With regard to the acquisition of the main services for the design phase, the Board indicates that the original contract was established with an estimated upper value of $11 million on a "time and materials" pricing basis. In the light of the substantial difficulties and delays encountered by the project, three extensions to the original contract with the vendor were granted, also on a "time and materials" pricing basis, bringing the total amount of the contract to $60 million (ibid., table 3). The Board indicates that in May 2011, the Secretariat decided to procure henceforth the majority of the enterprise resource planning project contract services on a fixed-price basis (with pricing ceilings) rather than on a time and materials basis, and decided to move from the single vendor approach of the design phase to a multivendor approach with separate contracts for project management and quality assurance, strategic advisory services, organizational change management, and professional technical services. The Board considers that progress has been made through the inclusion of a greater proportion of fixed-price contractor support but is of the view that the rationale for the multivendor, hybrid pricing model does not appear sufficiently developed nor does it take into account the important implications for project delivery. The Board further observes that none of the contracts awarded for design, build, test or deploy have included payments tied to achievement of the enterprise resource planning project objectives.

36. Based on its review of the procurement of services for the design phase and for one of the two major build contracts, the Board of Auditors notes that at the outset of the project, the Secretariat did not effectively engage with the market in a manner that delivered optimal value from vendor contributions. It concludes that the issues around the commercial management of the enterprise resource planning project indicate a systemic weakness in the commercial skills of the Secretariat, particularly when contracting with major global providers for complex services. In the summary to its report, the Board recognizes the considerable commercial skill being demonstrated by the project director in managing the existing commercial arrangements and indicates that since the audit, the Secretariat has presented evidence of how it is actively managing the situation, including the need to strengthen the project team to manage the potential addition of further vendors to the project. The Board recommends that the project team prepare an overarching commercial strategy that seeks, inter alia, to optimize the value from major suppliers to the enterprise resource planning project and that the Administration review the need to develop its commercial skills and ability to support major projects.

37. The Secretary-General indicates in the summary to his fifth progress report (A/68/375) that, in order to resolve the issue of multiple vendors working simultaneously on the Umoja solution, the Steering Committee approved a revised commercial strategy aimed at moving towards a single support service contract with one vendor by 2015 (see also para. 57 below).

38. **The Advisory Committee notes with concern the weaknesses demonstrated in the negotiations for the initial procurement of services for the project, resulting in ineffective and inefficient use of project resources. It notes that a number of contracts for services remain to be procured, including for the design, build, test and deploy activities for Umoja Extension 2. The Committee recommends that the General Assembly request the Secretary-General to ensure that the recommendations of the Board of Auditors be implemented as a**

matter of priority and that future contracts for services for all phases of the enterprise resource planning project be concluded expeditiously on the best possible terms for the Organization.

G. Funding of preparatory activities and indirect costs

39. In paragraph 67 of his fifth progress report, the Secretary-General indicates that a working group on indirect costs was established under the chairmanship of the Assistant Secretary-General for Programme Planning, Budget and Accounts/Controller to review requests for resource requirements. The Advisory Committee was informed that the working group had identified certain activities that, although performed locally by implementing departments/offices, were solely related to Umoja implementation and would be funded under the Umoja budget. The working group had also categorized the activities and related resources requirements that could be considered as indirect costs, such as the collection, cleansing and enrichment of data and costs associated with the necessary upgrading of network infrastructure, which were, in principle, part of the operational responsibilities of the user departments that performed the functions. The Steering Committee endorsed the recommendation of the working group that the implementing departments/offices would perform all readiness tasks within their existing base budgets, in particular non-recurring activities such as data cleansing, through the reprioritization of their administrative and support activities in a manner that did not have a negative impact on the implementation of their core mandates. The Committee was informed that the approach had proved to be effective in delivering the desired results in the context of the implementation of Umoja Foundation at peacekeeping operations.

40. **The Advisory Committee welcomes the pragmatic approach taken to address the question of indirect costs and to establish clearly the roles and responsibilities of the implementing departments/offices as well as the modalities for the funding of preparatory activities. The Committee reiterates its previous recommendation that the General Assembly request the Secretary-General to capture information and report on the level and nature of the indirect costs of preparatory activities borne by the implementing departments/offices.**

H. Project staffing

41. Details on project staffing are provided in paragraphs 59 to 65 of the fifth progress report of the Secretary-General. As indicated, the Umoja project team comprises 90 posts (1 Assistant Secretary-General, 8 D-1, 21 P-5, 37 P-4, 9 P-3, 1 P-2, 13 General Service), of which 78 were encumbered as at 30 June 2013. The project also has available general temporary assistance funds for recruiting subject-matter experts, as required during the different phases of the project.

42. The Secretary-General indicates in his report that, following deployment of Umoja Foundation and Umoja Extension 1 in cluster 3 in July 2014, the project team will be reshaped to support the system and to complete the final design, build, test and deployment of Umoja Extension 2 by early 2017, with a reduction of the number of Umoja core staff posts in three stages, as follows: (a) effective 1 January 2015, the number of core posts will be reduced from 90 to 74, and general

temporary assistance funding for subject-matter expert positions will be reduced in 2014 from 55 to 30; and (b) in 2016 the number of posts will be further reduced from 74 to 50, and general temporary assistance funding for subject-matter expert positions will be reduced from 30 to 20. Upon enquiry, the Advisory Committee was informed that the 74 posts remaining as at 1 January 2015 would comprise 1 Assistant Secretary-General, 1 D-2 (subject to approval by the General Assembly of the current proposal), 3 D-1, 18 P-5, 30 P-4, 5 P-3, 1 P-2, and 15 General Service posts.

Proposed upgrade of the Deputy Project Director post

43. In his fifth progress report, the Secretary-General proposes to upgrade the post of Deputy Project Director from the D-1 to the D-2 level. He indicates that the Deputy Project Director will oversee the day-to-day operation of the programme, the interaction with the systems integrator, and the escalation and management of risks and progress, in addition to leading the organizational change management team, while the Project Director will be dedicated to engaging the project stakeholders and senior managers of departments and offices. The Secretary-General further indicates that the proposed upgrade is related to the more complex and challenging tasks that will be faced by the Umoja team in the next phases of the project, as outlined in paragraph 64 of his report.

44. Upon enquiry, the Advisory Committee was provided with further details on the justifications of the Secretary-General in support of the proposed upgrade. It was also informed that a request for a reclassification of the Deputy Director position from the D-1 to D-2 level had not been requested, but that a formal request for reclassification and subsequent preparation of a detailed job description would be completed following the approval of the General Assembly. **In the light of the above and the envisaged evolution of the project team, the Advisory Committee is of the view that the proposed upgrade is not justified. Furthermore, the Advisory Committee recalls that the project team was recently strengthened when the General Assembly decided, in its resolution 66/263, that the position of Umoja Project Director would be at the level of Assistant Secretary-General, with effect from 1 July 2012. The Committee recommends against the approval of the proposal of the Secretary-General to upgrade the Umoja Deputy Project Director post from the D-1 to D-2 level.**

Enterprise resource planning skills

45. In his previous report, the Secretary-General had noted the difficulties experienced in hiring staff with the requisite knowledge of the selected enterprise resource planning software and the high consultancy rates that prevail in the private sector (see A/67/360, para. 108 (b)). It had stressed the need to strengthen in-house capacity and put into place mechanisms for transferring knowledge from consultants to programme and project staff in order to prepare for the institutionalization of Umoja technical support (A/67/565, paras. 57 and 82). The Secretary-General indicates that the focus of recruitment in 2013 was to increase the enterprise resource planning skills of the Umoja team and that the number of staff with the requisite essential experience has grown from fewer than 10 staff to more than 20 staff during the reporting period (see A/68/375, para. 63). Upon enquiry, the Advisory Committee was informed that a training/skills development plan was being implemented to enhance and reinforce technical skills in the enterprise

resource planning software used by the United Nations for some 80 Umoja staff members, including subject matter experts who will return to their parent offices on completion of their assignment periods. **The Advisory Committee welcomes the progress made towards strengthening enterprise resource planning skills within the Secretariat. The Committee recommends that the General Assembly request the Secretary-General to further develop in-house expertise on the enterprise resource planning system and ensure the transfer of knowledge from consultants to programme and project staff with a view to ensuring in-house capacity to implement, support and maintain Umoja autonomously, to the extent possible.**

I. Future Umoja support team

46. The Secretary-General provides some information on the post-implementation arrangements for the support and maintenance of the enterprise resource planning project in paragraph 57 of the fifth progress report. He indicates that after the start of the roll-out of Umoja Extension 2 in early 2017, the Umoja project team will be succeeded by a Umoja support team, responsible for managing, maintaining and enhancing the new system in the production environment. Some of the remaining core posts of the Umoja project team will become part of the proposed future Umoja support team. At this stage, it is envisaged that the Umoja support team would be integrated into the programme of the Office of Information and Communications Technology and would operate under the umbrella of various information and communications technology (ICT) units. The team would include 30 to 40 core staff, supported by process experts reporting to the process owners, a small cadre of subject matter experts and a third-party application support services vendor. The cost of staff, contractual services and software licence costs are preliminarily estimated to range between approximately $25 million and $30 million annually. The Management Committee would be the paramount authority in the Umoja support team governance structure and would monitor team performance from a strategic perspective. The Secretary-General further indicates that the organizational structure, governance mechanisms, roles and responsibilities and standard operating procedures of the support team are being developed in close coordination with the Chief Information Technology Officer to determine the post-production support model for Umoja.

47. The Advisory Committee notes that the Secretary-General has provided, for the first time, an indication of the future support requirements for the operations of the enterprise resource planning system, including the cost of staff, contractual services and software licences. The Committee recalls that in its report addressing the first progress report on the implementation of Umoja (A/64/7/Add.9, para. 87), it had expressed its view that an estimate of future maintenance and upgrade costs was an essential input for informed decision-making on the proposals of the Secretary-General for the implementation of an enterprise resource planning system and had requested that an estimate of a range of future operating costs be provided to the General Assembly. Subsequently, the Committee had requested that the future costs of operations and upgrading of the system be estimated as part of an analysis of the total cost of ownership of Umoja (A/66/7/Add.1, paras. 53-55).

48. The Advisory Committee requested additional information on the life expectancy of Umoja and the number of years the system was expected to be used

before an upgrade would be required. It was informed that the life expectancy of Umoja was expected to exceed 20 years. The reliability of the vendor as a supplier with over 40 years of industry experience had been one of the deciding factors in selecting the Systems, Applications, Products in Data Processing (SAP) software. Furthermore, the system would need to be kept up-to-date, in order to incorporate new functional requirements as well as improvements incorporated by the software vendor. **The Advisory Committee recommends that the General Assembly request the Secretary-General to provide in his next progress report further information on the requirements for keeping the enterprise resource planning system up-to-date and on the frequency of upgrades to the system.**

49. **With regard to the initial estimate of the Secretary-General of an annual requirement of $25 million to $30 million to cover the costs of staff, contractual services and software licences, the Advisory Committee emphasizes the need to also provide estimates of the resources that are expected to be released as a result of the decommissioning of the systems that would be replaced by Umoja and that would no longer need to be supported in the future. The released resources would, in principle, offset the post-implementation support costs of Umoja. The Committee emphasizes the need to take into account information on the post and non-post resources required to support the systems to be decommissioned, including the systems currently owned and/or supported by other Headquarters departments, field missions and offices away from Headquarters. Furthermore, the Committee considers that the financing of future Umoja support costs should be based on the cost-sharing formula applied for apportioning the costs of the Umoja project among regular budget, peacekeeping and extrabudgetary resources.**

50. **The Advisory Committee notes the efforts made to estimate the requirements and plan for the transition of the support for the enterprise resource planning system from project to programme staff and looks forward to receiving information on the organizational structure, roles and responsibilities of the envisaged Umoja support team in the context of the sixth progress report. The Committee recommends that the General Assembly request the Secretary-General to continue to refine his analysis of the post-implementation requirements of Umoja, including options for the financing of the requirements.**

51. **The Advisory Committee questions the rationale for the envisaged replacement of the project team in early 2017, at the beginning of the deployment of Umoja Extension 2. The Committee reiterates that the authority and leadership of the project governance and management structures will be required to deliver the project as planned, and believes that the dismantling of the project team prematurely presents risks that Umoja Extension 2 might not be implemented effectively. The Committee further reiterates its previous recommendation that the project team should be maintained until the completion of the full deployment of Extension 2, without excluding, however, the need to make adjustments to the size and composition of the team and to provide most of the required expertise in-house.**

52. **In that connection, the Advisory Committee also reiterates that the complete scope of the Umoja project must be delivered as approved by the General Assembly in its resolution 67/246 with the full scope and functionality of Umoja Foundation, Umoja Extension 1 and Umoja Extension 2 phases (see**

also A/67/565, annex IV), in order to protect the investment already made by Member States and to realize the expected benefits of the system. The Committee cautions against any approach that would result in the descoping of the project, in particular of Umoja Extension 2, which comprises some of the key functions to be automated, including planning and programming, supply chain management and budget formulation. The Committee recalls that the poor coverage of such functions under existing systems was one of the main factors leading to the decision to implement an enterprise resource planning system.[2] Failure to deliver the complete Umoja project would essentially achieve only a costly replacement of the Integrated Management Information System and perpetuate the weaknesses of the current outmoded and stand-alone information systems.

J. Resource requirements and expenditures to date

53. Section IV of the fifth progress report (A/68/375, paras. 68-87) provides an overview of expenditures incurred since 2008, as well as details on expenditure for 2012, and estimated requirements for 2013, and revised requirements for 2014 and 2015. The Secretary-General indicates that the overall project requirements presented in the fourth progress report were estimated at $348,138,500 for the period to 31 December 2015, and that the regular budget share of those requirements in the amount of $35,927,900 has been reflected in the context of the proposed programme budget for the biennium 2014-2015 under section 28A, Office of the Under-Secretary-General for Management.

54. The General Assembly, in resolution 67/246, approved the revised plan for the implementation of Umoja. The Secretary-General indicates that, taking into account the recent period of intensive build and deployment activity, current projections of the overall requirements for the period to 31 December 2015 have increased by $12,718,300 to the estimated amount of $360,856,800. However, every effort is being made to complete the deployment of Umoja Foundation and Umoja Extension 1, as well as to finalize the design blueprint and baseline configuration for Umoja

[2] In presenting his arguments in support of the acquisition of an enterprise resource planning system (see A/60/846/Add.1 and A/62/510/Rev.1), the Secretary-General stated that the existing fragmented, outdated and duplicative systems could not accommodate the functional and technical capabilities required for the implementation of the management reforms launched in response to the World Summit Outcome (see General Assembly resolutions 60/1 and 60/283), such as the adoption of the International Public Sector Accounting Standards, results-based budgeting and management, supply chain management, enhanced internal controls, improved reporting and mechanisms to manage staff mobility. On the basis of the proposals put forward by the Secretary-General in his report on enterprise systems for the United Nations Secretariat worldwide (A/62/510/Rev.1), the General Assembly stressed the need, in its resolution 63/262, to implement a global enterprise resource planning solution. The main functions to be covered by the enterprise resource planning system, as outlined in the report of the Secretary-General, included: (a) programme planning, budgeting, contributions and performance; (b) human resources management and administration; (c) payroll, including management of benefits and contribution to pension, medical and insurance schemes; (d) supply chain management, including procurement; (e) assets and facilities management; (f) general accounting, travel and other administrative flows; (g) reporting to management and stakeholders; and (h) functions specific to peacekeeping operations in the areas of logistics, transportation, fuel and rations systems and other requirements that are not common in other organizations of the United Nations system (see A/67/565, paras. 51 and 52).

Extension 2, within the overall proposed requirements presented in the fourth progress report. The Secretary-General therefore does not seek funding for the additional amount at this juncture, as efforts will be made to contain costs during 2014. Updated requirements for 2015, as well as projected resource requirements for 2016 and 2017, will be presented in the sixth progress report, taking into account updates on the progress of the project.

55. With regard to the biennium 2012-2013, the Advisory Committee notes from table 5 of the report of the Secretary-General that expenditure for 2012 amounted to $58.4 million, representing a decrease of $6.9 million, or 10.5 per cent, compared with the estimates projected in the fourth progress report, owing mainly to delays in the procurement process for hosting services (see A/68/375, para. 83). The revised requirements for 2013 (ibid., table 6) amount to $80.0 million, reflecting an increase of $10.4 million, or 14.9 per cent, compared with the estimates presented in the fourth progress report. The increase in 2013 is mainly attributable to higher than planned requirements under contractual services ($5.4 million) for completion of the design, build and deployment of Umoja Foundation piloted in July 2013 and readiness preparation for the roll-out of cluster 1; and under furniture and equipment ($8.9 million) for hosting services which were previously categorized under contractual services. The increase is offset in part by lower than projected expenditure under consultants and experts ($1.5 million); travel of staff ($1.4 million); and general operating expenses ($0.5 million). The cumulative estimated expenditure for the biennium 2012-2013 is projected at $138.4 million, reflecting an increase of $3.5 million (2.6 per cent) over the projected expenditure of $134.9 million (ibid., table 7).

56. The revised requirements for 2014 and 2015 are presented in tables 8 and 9 of the fifth progress report, respectively. The Secretary-General proposes a total amount of $58.6 million in 2014 and $45.5 million in 2015, reflecting higher than previously estimated resources of $7.2 million in 2014 and $2.0 million in 2015. The increases are mainly attributable to higher requirements under contractual services for the provision of expertise in enterprise resource planning systems, offset in part by lower than previously estimated requirements under consultants ($1.2 million) and travel of staff ($1.1 million) in 2014, and under posts ($2.4 million), other staff costs ($3.9 million), consultants ($1.2 million) and travel of staff ($1.4 million) in 2015. The increased resources proposed under contractual services would cover: (a) the build of business intelligence, integration and testing of Umoja Foundation and Umoja Extension 1, as well as readiness activities for deployment in clusters 2 and 3 in 2014; and (b) the completion of the build of Umoja Extension 1 and the design of Umoja Extension 2 in 2015. The report does not cover the resources required for the build and deployment of Extension 2 in the period 2016-2017.

57. The Advisory Committee requested further details on the steps taken to contain the cost increases projected in 2014 and 2015 under contractual services, and furniture and equipment. It was informed that the requirements under contractual services had been carefully assessed against the workplan and had taken into account the complexity of requirements for 2014 and 2015. In conjunction with the Procurement Division, the Umoja team was progressing towards the consolidation of the multiple vendor and systems integrator contracts into one single vendor contract in order to reduce risks and overhead and to benefit from economies of scale (see para. 37 above).

K. Global service delivery model

58. The Board of Auditors continues to emphasize the need to agree on a future service delivery model for the United Nations, which, in its view, should have been designed in advance of the enterprise resource planning project. It warns that the absence of such a model could result in future costs to retrofit enterprise resource planning implementation and also undermine the accountability of the Secretariat for delivering the full scope of the project on time and within budget and for delivering the associated benefits.

59. The Secretary-General indicates that a new service delivery model will be defined as the process of business re-engineering under Umoja processes and that, as directed by the General Assembly, he will present a proposal on the future service delivery model at a later session (see A/68/375, para. 37). Upon enquiry, the Advisory Committee was informed that the current priority of the Secretariat was to deliver the full scope of Umoja and that the Secretariat was addressing only those adjustments in service delivery that were a prerequisite to the implementation of an enterprise-wide enterprise resource planning solution. Furthermore, the benefits expected to be realized by 2019 in the range of $140 million to $220 million were related exclusively to the business re-engineering and harmonization of processes under the current Umoja implementation process and did not include potential benefits to be derived from the opportunities of a new service delivery model. The Committee was further informed that the future service delivery model would involve the consolidation of certain transactional administrative backstopping functions into shared service centres that might require relocation of staff. **The Advisory Committee reiterates that any new service delivery model for the United Nations must be approved by the General Assembly. The Committee recommends that the Assembly request the Secretary-General to submit a report containing proposals for the global service delivery model as soon as possible.**

L. Security

60. The Advisory Committee requested additional information on the measures taken to ensure appropriate security for the new system, the funding set aside for that purpose and the lessons learned on the matter from the initial implementation of Umoja at peacekeeping operations. The Committee was informed that security for the Umoja solution was provided at multiple levels: (a) physical infrastructure security was provided at the enterprise data centres at the United Nations Support Base in Valencia, Spain, and at the United Nations Logistics Base in Brindisi, Italy; (b) network security was provided by the United Nations local area network, using existing licences for the security software; and (c) user access rights were managed by a Umoja application security team, which was an integral part of the Umoja support team. The Committee was further informed that a number of measures had been taken as part of the action plan to strengthen information security across the Secretariat (see A/68/552). Furthermore, Umoja implementation was fully compliant with the current information security policies issued by the Office of Information and Communications Technology. With regard to the initial implementation of Umoja at peacekeeping missions, the Committee was informed that the system was running smoothly and that, to date, the connection to Brindisi and Valencia was also working as expected without any security concerns. There had been no unauthorized

entries into the United Nations system through the enterprise resource planning system. However, the Committee was informed that, even though the Umoja system was fully compliant with internal security policies, owing to the increasing need for interconnectivity and the interdependence of the Secretariat ICT systems, an attack or intrusion into any of the United Nations systems could lead to a compromise everywhere, and that all systems needed to be protected equally (see A/68/552).

M. Cooperation with other United Nations system organizations

61. In paragraph 24 of his report, the Secretary-General indicates that the implementation of Umoja Extension 1 is dependent on the timely completion of the 54 different elements of the human resources and travel entitlements module, which was delivered four months later than expected. The Advisory Committee requested additional information on how those functionalities were provided in the enterprise resource planning solutions used by other entities using the same enterprise resource planning software as the United Nations, such as the World Food Programme (WFP) and the United Nations Children's Fund (UNICEF), and whether any effort had been made to share or reuse the solutions used by those entities or to collaborate with them in that regard. It was informed that the human resources management, payroll and travel processes of the Secretariat were considerably different from those of other United Nations system organizations and that the changes required were more complex than originally envisaged by the vendor. The United Nations was using the human resources payroll component for non-profit organizations of the enterprise resource planning software, originally developed by the vendor for UNICEF, which provided only limited automation for several United Nations processes. Subsequently, a number of enhancements had been developed for WFP but that solution was not available to other United Nations organizations owing to the contractual agreement between the vendor and WFP. Only some of the enhancements developed for WFP were later mainstreamed in the standard human resources and payroll for non-profit organizations component of the enterprise resource planning software used by the United Nations.

62. In this connection, the Advisory Committee notes from the report of the Joint Inspection Unit (A/68/344 and Add.1) that although there is no coherent enterprise resource planning strategy in the United Nations system, the implementation of enterprise resource planning-systems has led to a certain degree of harmonization of business processes across the United Nations system owing to a number of factors, including: (a) the increasing implementation of standard, non-customized enterprise resource planning solutions; (b) the convergence of functionalities offered by enterprise resource planning system providers; (c) the sharing of enterprise resource planning systems among some of the organizations (United Nations Development Programme, United Nations Population Fund, United Nations Office for Project Services); and (d) system-wide adoption of the International Public Sector Accounting Standards (IPSAS). In addition, it is indicated that UNICEF is spearheading efforts to work closely with WFP and the vendor of the enterprise resource planning software used by the United Nations to enhance the software to develop a standard IPSAS-compliant United Nations common system solution, along similar lines as a non-profit organization's solution for payroll. The report of the Joint Inspection Unit also discusses the issues of collaboration in enterprise resource planning support and negotiations with enterprise resource planning

providers, including options for increasing system-wide enterprise resource planning collaboration and better positioning United Nations system organizations in their negotiations with such providers (see A/68/344, paras. 108-123).

63. **The Advisory Committee continues to emphasize the need to intensify collaboration between the Secretariat and other United Nations entities using the same enterprise resource planning solution. It believes that the aforementioned increased harmonization of business processes across the United Nations system provides further opportunities for sharing common solutions and for achieving more cost-efficient enterprise resource planning implementation, maintenance and evolution. The Committee recommends that the General Assembly request the Secretary-General to engage with the other United Nations entities using the same enterprise resource planning software, as well as with relevant vendors regarding opportunities for collaboration on and sharing of software solutions, and to report on the matter in his next progress report.**

IV. Conclusions and recommendations

64. **The actions requested of the General Assembly are set out in paragraph 91 of the fifth progress report of the Secretary-General on the enterprise resource planning project. Subject to its comments and recommendations in the paragraphs above, the Advisory Committee recommends that the Assembly take note of the fifth progress report. The Committee also recommends that the General Assembly:**

Regular budget

(a) **Approve the amount of $35,927,900, as presented under section 29A of the proposed programme budget for the biennium 2014-2015, Office of the Under-Secretary-General for Management, representing the regular budget share for the Umoja project (A/68/6 (Sect. 29A));**

Support account for peacekeeping operations

(b) **Note that requirements in the amount of $20,054,700 will be included in the subsequent requirements for the support account for peacekeeping operations for the financial period from 1 July 2014 to 30 June 2015;**

Extrabudgetary resources

(c) **Note that requirements in the amount of $7,439,600 will be funded from extrabudgetary resources in the financial period from 1 January 2014 to 31 December 2015.**

Annex I

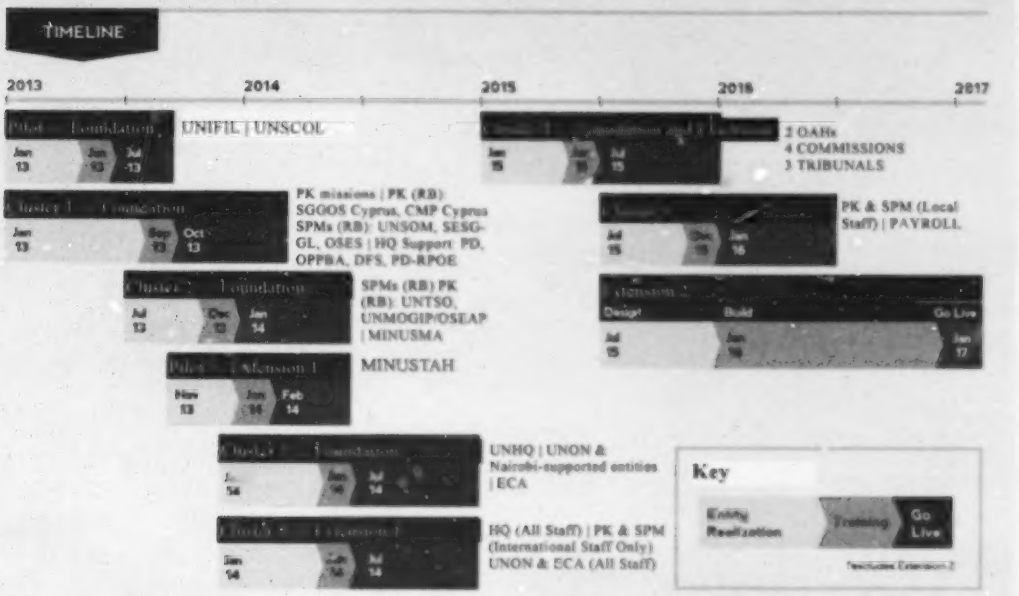
Lessons learned during the pilot implementation of Umoja at the United Nations Interim Force in Lebanon and the United Nations Special Coordinator Office for the Middle East Peace Process

The main lessons learned during the pilot deployment and the post go-live support period can be summarized as follows:

- The technical solution (processes, systems and user support) is proving to be solid and stable. Reported incidents have been minor when compared to those which have been experienced in similar large enterprise resource planning implementations.
- The foreseen complexities of migrating from disparate "as is" operating models to a common "to be" model proved more challenging than expected, limiting the capacity to automate some data migration activities and consequently requiring further customization of the planned migration processes for each mission.
- Data management proved to be the most important concern. The historical practice of managing the Organization under a "silo" paradigm has made data cleansing and reconciliation extremely challenging, sometimes requiring the review of existing policies. Missions are therefore performing additional labour-intensive tasks to fulfil the requirements to go live with Umoja. The challenges are related to the functional silos within any given peacekeeping operation, where procurement, accounting, logistics and human resources activities are carried out using stand-alone, disconnected applications that repeat the same unreconciled data elements in each system. Furthermore, master data requirements also demand reconciliation of business partners (vendors, implementing partners and human resources) across all peacekeeping operations.
- Additional guidance was issued to enrich information in transactions to allow the proper conversion before uploading to Umoja.
- Readiness plans were refined and revised to cover both clusters 1 and 2, and dedicated resources are now also devoted to readiness activities for clusters 3 and 4.
- Adjustments were made to the composition of local teams and their governance structures to facilitate the resolution of cross-functional issues.
- The disparity of standards, tools and support models in use in the different information and communications technology units across the Secretariat have added complexity to the project, and several important issues must be resolved as a prerequisite for Umoja implementation.
- More steps need to be taken to address the challenges associated with the overlapping nature of the phased deployment approach and with staff fatigue. For example, as some entities enter into production, which requires post-implementation support, others are in different stages of pre-implementation. An assessment of how to mainstream the responsibility for post-implementation support as quickly as possible is an ongoing "to-do" item.

Annex II

Updated timeline for the project as at 11 October 2013



Umoja Foundation
Functionality: finance (funds management and financial accounting), supply chain (real estate, plant maintenance, logistics execution, and procurement), project management, and sales and distribution (third-party procurement services and billing). Umoja Foundation is essential to support IPSAS requirements.

Umoja Extension 1
Functionality: organizational and position management, personnel administration, entitlements, benefits, time management, payroll, travel initiation, travel expenses and online booking.

Umoja Extension 2
Functionality: budget formulation, force planning, programme management, supply chain planning, warehouse management, conference and event management, full grants management and commercial activities.

Entity realization
A 6-month phase preceding pilot cut-over that includes the following activities:
(a) Configuring the global template;
(b) Considering local and pilot requirements in the development system;
(c) Testing the configuration in the quality assurance system;
(d) Conducting system performance, user integration and validation testing;
(e) Carrying out end-user training.

(Footnotes on following page)

(Footnotes to chart)

Note: Status as at 11 October 2013:

- For Umoja Foundation, the design phase has been fully completed and the build phase has reached 95 per cent.
- For Umoja Extension 1, the design phase is 92 per cent complete and the build phase is 70 per cent complete.

For Umoja Extension 2, the design phase has reached 40 per cent, while the build phase is yet to begin as it is scheduled from January 2016 onwards.

Abbreviations: CMP Cyprus, Committee of Missing Persons, Cyprus; DFS, Department of Field Support; ECA, Economic Commission for Africa; HQ, Headquarters; MINUSMA, United Nations Multidimensional Integrated Stabilization Mission in Mali; MINUSTAH, United Nations Stabilization Mission in Haiti; OAH, offices away from Headquarters; OPPBA, Office of Programme Planning, Budget and Accounts; OSEAP, Office of the Special Envoy for Pakistan; OSES, Office of the Special Envoy of the Secretary-General for the Sahel; PD, Procurement Division; PK, peacekeeping; RB, regular budget; RPOE, Regional Procurement Office, Entebbe, Uganda; SESG-GL, Special Envoy of the Secretary-General for the Great Lakes Region; SGGOS, Good offices of the Secretary-General in Cyprus; SPM, special political mission; UNHQ, United Nations Headquarters; UNIFIL, United Nations Interim Force in Lebanon; UNMOGIP, United Nations Military Observer Group in India and Pakistan; UNSCOL, Office of the United Nations Special Coordinator for Lebanon; UNSOM, United Nations Assistance Mission in Somalia; UNTSO, United Nations Truce Supervision Organization.

Annex III

Estimated number of Umoja end users by phase and clusters as at August 2013

Date	*Phase*	*Location*	*Estimated number of users*	*Total*
1 July 2013	Pilot (Foundation)	UNIFIL, UNSCOL and UNHQ	700	700
1 November 2014	Cluster 1 (Foundation)	PK missions and UNHQ	3 000	3 700
1 February 2014	Cluster 2 (Foundation)	SPMs and UNHQ	1 000	4 700
1 March 2014	Pilot (Umoja Extension 1)	MINUSTAH and UNHQ	1 500 (ESS)	6 200
1 July 2014	Cluster 3 (Foundation and UE1)	UNHQ, UNON, ECA and PKs, SPMs (International staff)	25 000	31 200 (ESS)[a]
1 July 2015	Cluster 4 (Foundation and UE1)	UNOG, UNOV, ECE, ECLAC, ESCAP and ESCWA	18 000	49 200 (ESS)[a]
1 January 2016	Cluster 5 (UE1)	PKs and SPMs (local staff)	1 500	50 700 (ESS)[a]

Abbreviations: ECA, Economic Commission for Africa; ECE, Economic Commission for Europe; ECLAC, Economic Commission for Latin America and the Caribbean; ESCAP, Economic and Social Commission for Asia and the Pacific; ESCWA, Economic and Social Commission for Western Asia; MINUSTAH, United Nations Stabilization Mission in Haiti; PK, peacekeeping; SPM, special political mission; UE1, Umoja Extension 1; UNIFIL, United Nations Interim Force in Lebanon; UNOG, United Nations Office at Geneva; UNON, United Nations Office at Nairobi; UNOV, United Nations Office at Vienna; UNSCOL, United Nations Special Coordinator Office for the Middle East Peace Process.

[a] With the introduction of Umoja Extension 1, functionality known as Employee Self Service (ESS) will be deployed. ESS will enable staff to manage their entitlements and benefits independently, thereby vastly increasing the number of Umoja end users.

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Proposed programme budget for the biennium 2014-2015

Strengthening the Office of the Special Adviser on Africa

Ninth report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2014-2015

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the strengthening of the Office of the Special Adviser on Africa (A/68/506). During its consideration of the report, the Committee met with the representatives of the Secretary-General who provided additional information and clarification, concluding with written responses received on 19 November 2013.

2. By its resolution 57/300, the General Assembly endorsed the creation of the Office of the Special Adviser on Africa and entrusted to it the role of coordinating reports and global advocacy in support of the New Partnership for Africa's Development (NEPAD). In May 2003, the Secretary-General formally established the Office (see ST/SGB/2003/6) and since that time the Office has fulfilled its mandate, which has included supporting the General Assembly and the Economic and Social Council in their deliberations on Africa; coordinating and guiding the preparation of reports and inputs related to Africa; coordinating the Interdepartmental/Inter-agency Task Force on Africa to ensure a coherent and integrated approach for United Nations support for Africa, including following up on the implementation of all global summit and conference outcomes related to Africa; initiating reports on critical issues affecting Africa, in particular on peace and development; and coordinating global advocacy in support of NEPAD.

3. In section II of his report, the Secretary-General notes that Africa has been undergoing a significant transformation marked by major social, political and economic changes since the establishment of the Office of the Special Adviser on Africa 10 years ago. He further notes that the transformation presents new opportunities and challenges that will require the Office to expand, strengthen its

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activities and broaden its engagement in order to better respond to the needs of the continent in the light of the changing global and African context.

II. Strengthening the Office of the Special Adviser on Africa

4. In paragraph 42 of his report, the Secretary-General noted that the General Assembly recognized the need for a strengthened approach to support Africa and adopted resolution 66/293 on the establishment of a United Nations monitoring mechanism to review commitments made towards Africa's development needs, with the mandate for the implementation of the monitoring mechanism vested in the Office of the Special Adviser on Africa. To address the growing scope of mandated activities for the Office, the Secretary-General proposes in his report specific ways and means to strengthen the Office to enable it to implement its existing and expanded mandate more effectively, with a focus on the following areas of work: policy analysis, monitoring and research; intergovernmental support; advocacy; and inter-agency coordination.

5. The Advisory Committee recalls that paragraph 11 of resolution 66/293 requests the Secretary-General to "identify and reallocate resources, as appropriate, within the regular budget of the United Nations to enable the Office of the Special Adviser on Africa to fulfil its mandate effectively regarding the monitoring mechanism". Upon enquiry as to what actions had been taken to implement paragraph 11, the Committee was informed that an arrangement to lend one P-3 post was in process between the Economic Commission for Africa (ECA) and the Office in 2013 to help meet the requirement to prepare the report of the Secretary-General on the United Nations monitoring mechanism. The report was to be submitted to the sixty-ninth session of the General Assembly. The Committee was further informed that since the approval of three new posts (one P-4 and two P-3) by the Assembly in its resolution 63/260, no additional measures had been taken to strengthen the staffing structure of the Office. **The Committee regrets that no action was taken to reallocate resources within the regular budget during the biennium 2012-2013 to enable the Office to fulfil the growing scope of its mandated activities.**

III. Resource requirements

6. In paragraph 65 of his report, the Secretary-General proposes a total of 10 new posts (2 P-5, 3 P-4, 3 P-3, 1 P-2 and 1 General Service (Principal level)) to reinforce the capacity of the Office of the Special Adviser on Africa to provide dedicated support to African countries in the intergovernmental negotiations for the post-2015 development agenda and the sustainable development goals, and to support the implementation of the United Nations monitoring mechanism and the strengthening of the Office's inter-agency coordination function and advocacy and communications activities. The total additional requirements proposed by the Secretary-General amount to $4,758,700 (net of staff assessment), broken down as follows: $4,036,100 under subprogramme 1, Coordination of global advocacy of and support for the New Partnership for Africa's Development, of section 11, United Nations support for the New Partnership for Africa's Development; and $722,600 under section 29D, Office of Central Support Services. Details of the requirements are reflected in paragraph 68 of the report of the Secretary-General.

Comments and recommendations on posts

7. The estimated cost of the 10 new posts proposed by the Secretary-General would amount to $4,127,100 in 2014-2015 and their functions are outlined in annex II to his report. They comprise: 6 posts in the Policy Analysis and Monitoring Unit: 1 Senior Programme Officer (P-5), 2 Programme Officers (P-4), 1 Economic Affairs Officer (P-3), 1 Programme Officer (P-3) and 1 Associate Economic Affairs Officer (P-2); 3 posts in the Coordination, Advocacy and Programme Development Unit: 1 Senior Programme Officer (P-5), 1 Communications Officer (P-4) and 1 Programme Officer (P-3); and 1 post in the Office of the Special Adviser on Africa, a Senior Staff Assistant (General Service (Principal level)).

8. Upon enquiry, the Advisory Committee was informed that the Office of the Special Adviser on Africa could not absorb the additional mandates within its existing resources because its entire existing professional staff was fully engaged in the implementation of existing mandates. In addition, the Committee was informed that the proposed resources were justified by the magnitude of the additional work to be undertaken, especially in relation to the United Nations monitoring mechanism, coupled with increasing demands to provide effective support to African countries in the intergovernmental deliberations on and subsequent implementation of the post-2015 development agenda and the sustainable development goals. According to paragraph 42 of the report of the Secretary-General, this need was recognized by the General Assembly in paragraph 11 of its resolution 66/293 (see also paragraph 5 above).

9. Upon further enquiry, the Advisory Committee was informed that the implementation of activities related to the United Nations monitoring mechanism required staff with specific competencies and skills. For example, the Committee was informed that the Senior Programme Officer (P-5) and the two Programme Officers (P-4) proposed for the Policy Analysis and Monitoring Unit would lead the implementation of the United Nations monitoring mechanism, building on existing monitoring mechanisms, which is a task that requires an in-depth knowledge of and familiarity with existing mechanisms as well as their strengths and limitations. Because the United Nations monitoring mechanism must be grounded in accurate and reliable data, the Committee was informed that the functions required an advanced degree in economics with a doctorate-level degree seen as desirable for the P-5 post; strong economic statistics and econometric backgrounds; and, preferably, a strong record of publications on economic development issues in the context of Africa. According to the representatives of the Secretary-General, the existing Senior Economic Affairs Officer (P-5) and Economic Affairs Officers (P-4) had limited experience in managing multiple datasets and were not familiar with work on monitoring frameworks, such as the Mutual Review of Development Effectiveness in Africa of ECA and the Organization for Economic Cooperation and Development (OECD).

10. The Advisory Committee was informed that the three posts requested for the Coordination, Advocacy and Programme Development Unit (one P-5, one P-4 and one P-3) would strengthen the inter-agency coordination and advocacy work undertaken by the Office of the Special Adviser on Africa in support of Africa, in particular through the United Nations Inter-Agency Task Force on African Affairs, which has proven useful for coordinating, synthesizing and analysing the United Nations system's inputs to the reports prepared by the Office, as well as the

preparation of high-level events. With the establishment of the United Nations monitoring mechanism, the Committee was informed that there was a greater need to utilize the Task Force, which until now has been convened on an ad hoc basis, in a more regular and frequent manner to mobilize inputs and data from the United Nations system organizations. According to the representatives of the Secretary-General, the proposed posts would provide more regular and consistent support to the Task Force.

11. Upon further enquiry, the Advisory Committee was informed that the new post of Communications Officer (P-4) had been proposed to support the Office of the Special Adviser on Africa in its advocacy work, including in its role as the convener of the advocacy and communications cluster within the Regional Coordination Mechanism for Africa. The Committee was further informed that a senior professional with experience in journalism, public information and development communication in the context of Africa was required in order to liaise effectively with other stakeholders, including with senior-level communications counterparts in the Department of Public Information of the Secretariat, ECA, NEPAD and the African Union Commission, as well as with relevant media organizations. It was also indicated that such a professional would lead the critical communications and advocacy work required to develop and implement a new, continent-wide communications strategy through the Regional Coordination Mechanism for Africa. In addition, the Committee was informed that the existing staff of the Office did not include an officer of that level and experience.

12. Concerning the two existing General Service staff members in the Office of the Special Adviser on Africa, the Advisory Committee was informed that the main functions of the General Service (Principal level) staff member were to serve as a focal point for the coordination, monitoring and implementation of activities of the two units (the Policy Analysis and Monitoring Unit and the Coordination, Advocacy and Programme Development Unit); provide administrative support to both units and to senior management; provide support for programme implementation; supervise support staff; and monitor budgetary commitments. The Committee was informed that the functions of the General Service (Other level) staff member were to provide secretarial, research and clerical support, especially for the Director, including document preparation; managing timetables, making travel arrangements and liaising with other departments, agencies and offices; and providing basic support in the preparation of the publications of the Office.

13. Concerning the proposed General Service (Principal level) post, the Advisory Committee was informed that its functions would be to take full responsibility for time management and scheduling on behalf of the Special Adviser on Africa with appropriate consultation as required; serve as the first point of contact for the Special Adviser and liaise with senior officials internally and externally; provide substantive support in managing the priorities and workflow of the Special Adviser and of the work units; coordinate and monitor multiple and diverse activities and work processes to ensure that management directives and decisions are properly carried out and products are delivered in a timely manner; serve as a communications link between the Special Adviser and senior staff; manage the correspondence of the Office of the Special Adviser on Africa; support the Special Adviser in his presentations to intergovernmental bodies and other meetings; supervise the work of support staff; and organize official receptions and meetings.

The Committee is of the view that the functions of the proposed post can be performed within the existing staffing capacity of the Office.

14. **The Advisory Committee has no objection to the new posts proposed by the Secretary-General, with the exception of the post of Senior Staff Assistant (General Service (Principal level))** (see paragraph 13 above).

Vacant posts

15. During its consideration of the proposals of the Secretary-General, the Advisory Committee was informed that the Office of the Special Adviser on Africa was operating at nearly 80 per cent capacity and that five posts (two D-1, two P-4 and one P-3) were vacant as at 1 November 2013. The Committee was also informed that recruitment actions were under way for the vacant posts. **The Committee expects that all the vacant posts will be filled expeditiously.**

Comments and recommendations on non-post resources

Experts

16. In addition to the post resources, the Secretary-General proposes resource requirements amounting to $338,000 for the biennium 2014-2015 to implement activities relating to the United Nations monitoring mechanism mandated by the General Assembly in its resolution 66/293. He indicates that five consultative meetings will be organized with a wide spectrum of stakeholders with the purpose of mobilizing inputs from various stakeholders to the United Nations monitoring mechanism; collecting quantitative and qualitative data for the report of the Secretary-General on the review of implementation of commitments made towards Africa's development; and reviewing the existing monitoring mechanisms in order to assess their strengths and weaknesses.

17. Upon enquiry, the Advisory Committee was informed that the preliminary list of stakeholders to the United Nations monitoring mechanism included African organizations such as the African Union Commission, NEPAD, the African Development Bank (AfDB), the African Monitor and other international organizations such as the World Bank, the International Monetary Fund, the European Commission, OECD, the Centre for Global Development, the Africa Progress Panel, the South Centre and other organizations and individuals with expertise on monitoring commitments by African countries and donor countries, as well as from Africa's new and emerging development partners.

18. Upon further enquiry, the Advisory Committee was informed that the venue of the consultation meetings was determined in accordance with the needs of the stakeholders to be consulted and, as laid out in annex III to the report of the Secretary-General, the budgeting for the meetings was based on the travel costs (airfare, daily subsistence allowance and terminal payments) of the participating experts. In that regard, the Committee was informed that the consultation meeting for the Africa region would be held at ECA in Addis Ababa, while the meeting in Paris was for European stakeholders only and would be held at the headquarters of OECD in Paris, with conference facilities, including interpretation, provided by the host at no cost. It was explained that by convening the meetings in the stakeholders' respective regions, the Office of the Special Adviser on Africa would save on the travel costs of participants; for example, holding the European stakeholders

consultation meeting within Europe would be less costly than holding it at ECA headquarters in Addis Ababa. The Committee requested, but was not provided with, information on the comparative cost of holding all the consultation meetings at ECA headquarters. **The Committee recommends that the Secretary-General be requested to provide this information on the cost of holding the consultation meetings at ECA headquarters to the General Assembly at the time of its consideration of his proposals.**

19. The Advisory Committee was further informed that some of the participants would be invited in their individual capacities as experts, providing important input into the report of the United Nations monitoring mechanism. As to why the Office of the Special Adviser on Africa would fund their participation, the Committee was informed that, given the nature of the commitments being reviewed, many of the experts would be coming from developing countries and as such might not have resources to fund their own participation. Therefore, defraying their travel and accommodation costs would be important to securing their participation.

20. **The Advisory Committee expects that every effort will be made to contain the costs of the stakeholder consultation meetings. In addition, the Committee requests that detailed information on the cost and composition of participants for all meetings be provided to the General Assembly at the time of its consideration of the proposals of the Secretary-General.**

Travel of staff

21. The Secretary-General proposes further resource requirements amounting to $293,600 for the biennium 2014-2015 for travel of staff to reinforce the capacity of the Office of the Special Adviser on Africa in advocacy and communications outreach through the participation of the Special Adviser on Africa and staff members in critical regional and global meetings to engage with African countries, as well as key interlocutors involved in African development, to raise awareness of Africa and to mobilize support for Africa's development. It is indicated that those meetings would include the Ministerial Conferences of the World Trade Organization (WTO), annual meetings of AfDB, annual meetings of the World Bank Group/International Monetary Fund and the meetings of the Trade and Development Board of the United Nations Conference on Trade and Development. The requirements for travel of staff are summarized in annex IV to the report of the Secretary-General.

22. The Advisory Committee was informed upon enquiry that, depending on the rank and level of the meeting, either the Under-Secretary-General or the Director would participate, accompanied by at least one Professional staff member to provide substantive support, including preparing concept notes, following discussions and preparing post-meeting reports. If the meeting was of a technical nature, the Committee was informed, a substantive officer at the P-5 or P-4 level would represent the Office. The Committee was further informed that for three meetings, namely, the annual meeting of AfDB, the Ministerial Conference of WTO and the Forum on China-Africa Cooperation, the Under-Secretary-General would be accompanied by two staff members, the additional staff member being needed to facilitate the coverage of important side events that are normally organized at such meetings.

23. The Advisory Committee recalls that, in its resolution 67/254 A, the General Assembly decided on alterations to standards of accommodation with respect to the travel of staff. During its consideration of the budget proposals of the Secretary-General for the biennium 2014-2015, the Committee noted that the anticipated savings from that decision had not been reflected in the budgetary assumptions for the period and therefore recommended an overall reduction of 5 per cent of total travel costs for staff across all budget sections (A/68/7, chap. I, para. 123).

24. **The Advisory Committee recommends approval of the proposals of the Secretary-General for non-post resources subject to a reduction of 5 per cent in the requirements for travel of staff, in line with its recommendation for all budget sections.**

General comments and observations

Performance measures

25. During its consideration of the proposals of the Secretary-General, the Advisory Committee was informed, upon enquiry, that because the expected accomplishments and the indicators of achievements were broad and in line with the mandate of the Office of the Special Adviser on Africa on the mobilization of international support for Africa's development, advocacy and inter-agency coordination, no new indicators of achievement would be required for the additional resources requested. The Committee was informed, however, that new performance measures would be added to reflect the additional tasks that would be undertaken with regard to the United Nations monitoring mechanism. **The Committee is of the view that new performance measures should have been included in the proposals of the Secretary-General to reflect the additional tasks to be performed.**

IV. Recommendation

26. **Taking into account its recommendations contained in paragraphs 14, 18 and 24 above, the Advisory Committee recommends that the General Assembly approve the proposals contained in paragraph 69 of the report of the Secretary-General.**

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Programme budget for the biennium 2012-2013

Proposed programme budget for the biennium 2014-2015

Limited budgetary discretion

Tenth report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2014-2015

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on limited budgetary discretion (A/68/490). During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses received on 20 November 2013.

2. The Advisory Committee recalls that, in its resolution 60/246, the General Assembly recognized the need for limited discretion in budgetary implementation for the Secretary-General, within defined parameters along with clear accountability mechanisms to the Assembly for its use. Subsequently, in its resolution 60/283, the Assembly authorized the Secretary-General, on an experimental basis, a limited discretion for budgetary implementation, for the bienniums 2006-2007 and 2008-2009, to enter into commitments up to $20 million in each biennium for positions and non-post requirements for the purpose of meeting the evolving needs of the Organization in attaining its mandated programmes and activities. Any expenditures in this regard were to be offset by savings identified and attained during the course of each biennium within the authorized appropriation level (resolution 60/283, sect. III, para. 7). In addition, the authorization was to be implemented in line with nine principles outlined by the Assembly in resolution 60/283 (ibid., para. 8). The Assembly subsequently decided, in its resolutions 64/260 and 66/258, to continue these arrangements for exercising the limited discretionary authority by the Secretary-General during the bienniums 2010-2011 and 2012-2013. In his previous report on this subject (A/66/570) the Secretary-General proposed some modifications to the authority, including a proposed $10 million increase in the upper limit of the authority to bring it to $30 million for a biennium. The Committee subsequently pointed out that the biennial utilization pattern did not justify this

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increase (A/66/7/Add.18, para. 16) and the Assembly endorsed the Committee's conclusion (resolution 66/258, sect. I, para. 2).

3. In his report, the Secretary-General explains that from 2006 to 2011 the discretionary authority was used for: the avian influenza pandemic preparedness; fire safety; the enterprise resource planning system; human influenza pandemic preparedness; the extension of the appointments of ad litem judges of the United Nations Dispute Tribunal and their support staff; strengthening of the Administrative Law Section of the Office of Human Resources Management and the Office of Legal Affairs; and reconstruction and renovation of the premises of the Economic Commission for Latin America and the Caribbean (ECLAC) in Santiago following the 2010 earthquake (A/68/490, para. 15). The table below summarizes the utilization of the discretionary authority from 2006 to the present.

Utilization of the limited budgetary discretionary authority from 2006-2007 to 2012-2013

(United States dollars)

Use[a]	*2006-2007*[b,c]	*2008-2009*[d]	*2010-2011*[e]	*2012-2013*	*Total*
Avian influenza pandemic preparedness	5 283 400	–	–	–	5 283 400
Human influenza pandemic preparedness	–	8 556 100	–	–	8 556 100
Enterprise resource planning project	–	2 764 000	–	–	2 764 000
Fire safety at United Nations Headquarters	3 500 000	–	–	–	3 500 000
Strengthening of the Office of Legal Affairs	–	–	826 600	–	826 600
Dispute Tribunal	–	–	2 038 200	–	2 038 200
Strengthening of the Administrative Law Section, Office of Human Resources Management	–	–	518 900	–	518 900
Reconstruction of ECLAC premises[f]	–	–	5 522 900	–	5 522 900
Total	**8 783 400**	**11 320 100**	**8 906 600**	**–**	**29 010 100**

[a] The requirements have been funded through the utilization of savings under various programme budget sections.
[b] No use of the limited budgetary discretion was made in 2006 (see A/64/562, para. 8).
[c] See A/64/562, para. 9.
[d] See A/64/545, para. 28, and General Assembly resolution 63/262, sect. II, paras. 18-20.
[e] See A/66/578, paras. 37-45.
[f] Does not reflect insurance reimbursements of $1,785,000 that were redistributed back to releasing sections.

4. Upon enquiry, the Advisory Committee was informed that the authority was not used in the first year of the 2006-2007 biennium. In 2008-2009, it was used in both years as part of the expenditure on the pandemic preparedness. For 2010-2011, all expenditures were undertaken in the first year of the biennium, since both triggering events were in 2010. **The Committee notes that the limited budgetary discretion of $20 million has never been fully utilized.**

5. The Secretary-General also indicates that no recourse has been made to the discretionary authority during the 2012-2013 biennium and that none is expected in the final months of the biennium because of the lack of anticipated savings. He states that, in his view, this was due, in part, to the deferral of part of the recosting

requirements for posts and lower overall actual vacancy rates than budgeted for the 2012-2013 biennium (A/68/490, para. 16).

6. While the discretionary mechanism could have been used to partially fund remediation work relating to the aftermath of storm Sandy, the absence of anticipated savings for 2012-2013 and the projected magnitude of the amounts required for preventive and remediation work meant that it was not used for this purpose. The Secretary-General states, however, that the inability to use the discretionary authority in this case did not have a significant impact on programme delivery since it was possible to fund the initial work on a temporary basis from within existing allotments of the respective sections pending the additional commitment authority by the General Assembly and the receipt of insurance claim settlements (A/68/490, para. 18).

7. In his report, the Secretary-General also states that although no recourse has been made to the facility in 2012-2013, the limited budgetary discretionary mechanism had allowed him to accommodate evolving requirements in support of the Organization's priorities without the requirement to seek additional resources to meet those needs from the General Assembly (A/68/490, para. 19). The Secretary-General indicates in his report that experience has shown that the advantage of the limited budgetary discretionary authority over other mechanisms is the speed with which evolving needs of the Organization, for which other resources are not available, can be addressed (ibid., para. 21). Consequently, the Secretary-General sees merit in continuing the discretionary authority, and therefore proposes no changes to the mechanism under the terms of section III of General Assembly resolution 60/283 (ibid., para. 22).

8. In paragraph 13 of his report, the Secretary-General identifies the following criteria used to define the evolving needs of the United Nations in the context of limited budgetary discretion:

(a) The proposed activity is in support of the priorities of the Organization;

(b) The required resources are not included in currently approved budgets;

(c) The required resources cannot be accommodated from within the amount appropriated at the budget section level;

(d) The proposed activity does not lend itself to funding by other sources, including extrabudgetary resources, the contingency fund or under the provisions of unforeseen and extraordinary expenses;

(e) The requirements are of a one-time nature (specific to the current biennium). If requirements are of a continuing nature and would continue into a subsequent biennium, provision should be made for continuing costs in budgetary proposals for subsequent periods.

9. **The Advisory Committee is of the view that the above list does not adequately define those circumstances in which the use of limited budgetary discretion would be most appropriate. In this regard, the Committee recalls its prior view that clearer criteria would ensure a more consistent approach to the usage of the limited budgetary discretion (see A/66/7/Add.18, para. 15). In addition, the Committee emphasizes that the limited budgetary discretion authority must be exercised in accordance with the nine principles set out by the General Assembly in its resolution 60/283 (sect. III, para. 8).**

10. During its consideration of the report of the Secretary-General, the Advisory Committee was informed, upon enquiry, that two specific criteria have emerged over the past four bienniums for determining the use of the discretionary facility. First, the mechanism is, in the view of the Secretariat, an appropriate modality for funding requirements for unbudgeted activities that have some urgency and cannot be postponed to the next budgetary period. Consequently, responses to natural calamities and health advisories have been funded from the limited budgetary discretion. Second, the resource requirements must fall not only within the ceiling for this authority but also within the limits of anticipated or realized savings and/or underspendings across all budget sections, without affecting the delivery of the approved programme of work or organizational mandates. In this regard, the Secretary-General states in his report that the nature of activities funded from this mechanism will continue to evolve according to the changing needs and circumstances under which the Organization operates (A/68/490, para. 19).

11. Concerning the ability of the Secretary-General to identify savings or underexpenditures for the use of the limited budgetary discretion, officials of the Secretariat explained, upon request, that identifying funds from post-related costs, principally through the difference between budgeted and actual vacancy rates, was a more predictable source of potential funding than projecting savings arising from non-post objects of expenditure.

12. **The Advisory Committee has no objection to the continuation of the limited budgetary discretionary authority on an experimental basis for the utilization by the Secretary-General for the 2014-2015 biennium.**

13. **The Advisory Committee recommends that the General Assembly request the Secretary-General to provide a comprehensive report on the implementation of the experiment, which includes information on the concerns raised above, as well as those contained in the Committee's previous report on this subject, (A/65/7/Add.18), for its consideration at its seventieth session.**